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August 18, 1969

# RAILWAY AGE

THE TRANSPORTATION WEEKLY

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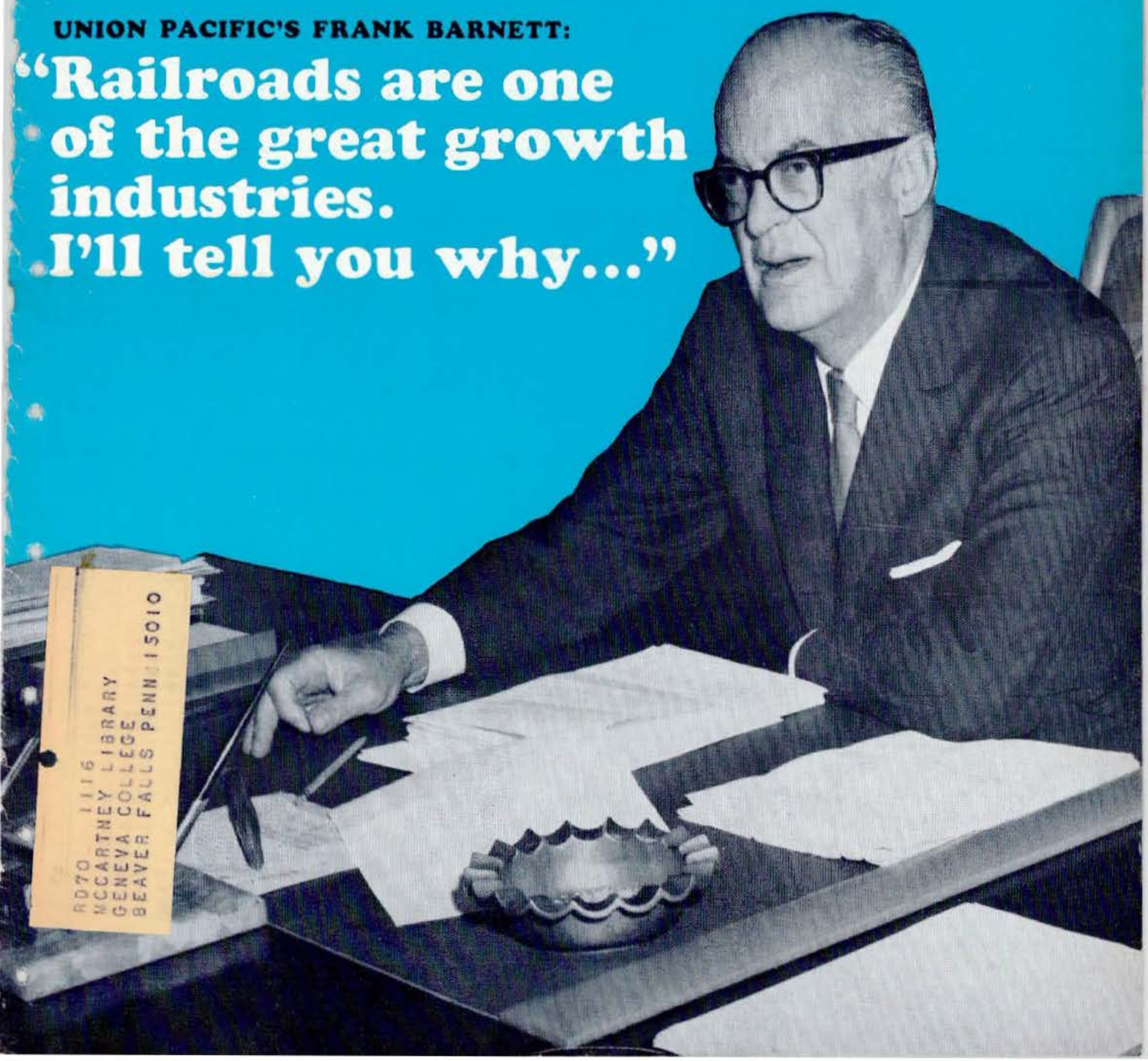

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# Freight car axles with higher fatigue strength now supplied by U. S. Steel

Trends toward larger freight cars and higher operating speeds have intensified the problem of possible fatigue failures of railroad car axles. As a result, we undertook to thoroughly study and test the effect of axle body surface finish on fatigue. Our aim was to determine the type of machined finish that would provide optimum resistance to fatigue failure.

On the basis of the study findings, we now machine axle bodies to a finish with an average (root mean square) maximum roughness of 100 microinches. This surface finish imparts much higher fatigue strength (as shown in the graph at right) which results in greater reliability for USS axles.

Here is a summary of the findings of the study:

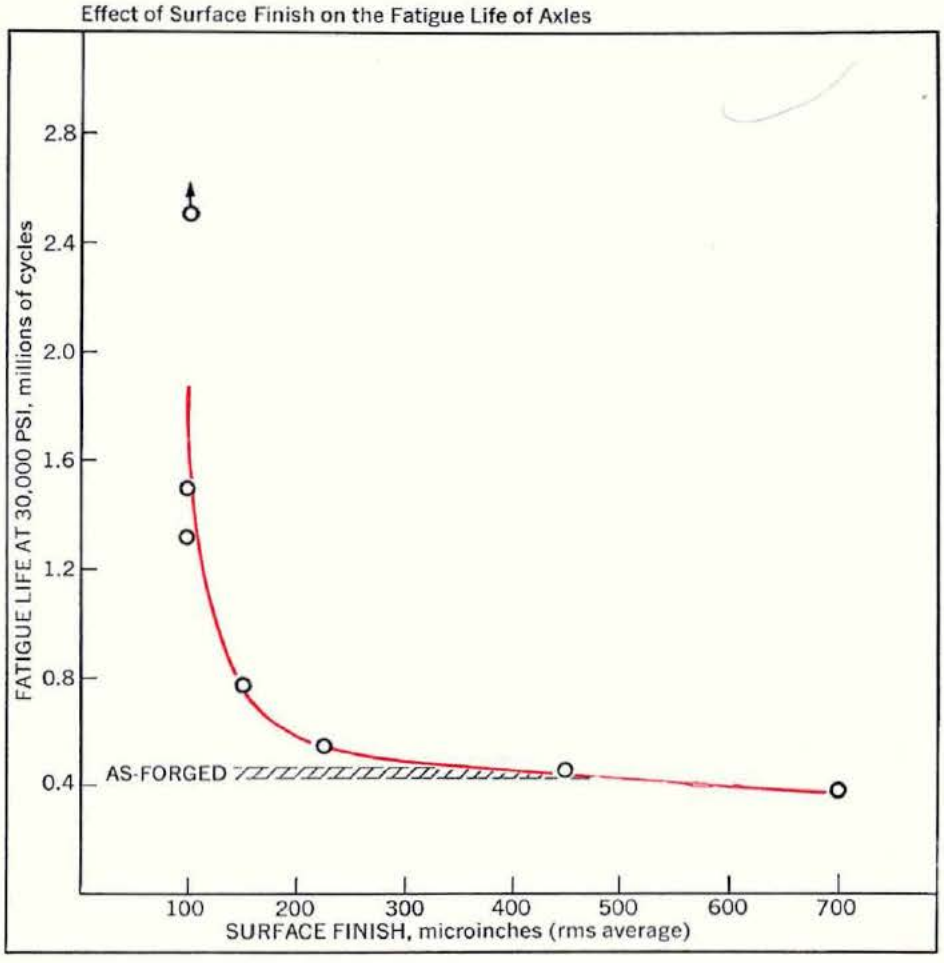
1. For the range of surface finishes studied, the finer the surface finish, the greater was the fatigue strength of the axles, see graph.

2. At stress levels of 30,000 and 40,000 psi, full-size axles machined to surface finishes of 100 microinches average exhibited fatigue life at least twice that of as-forged axles.

3. Axles with machined surface finishes of 350 microinches average or rougher exhibit fatigue properties poorer than those of as-forged axles.

A copy of the Technical Report on this project is available from United States Steel, Box 86 (USS 5845), Pittsburgh, Pennsylvania 15230.

Effect of Surface Finish on the Fatigue Life of Axles




USS TRADEMARK United States Steel

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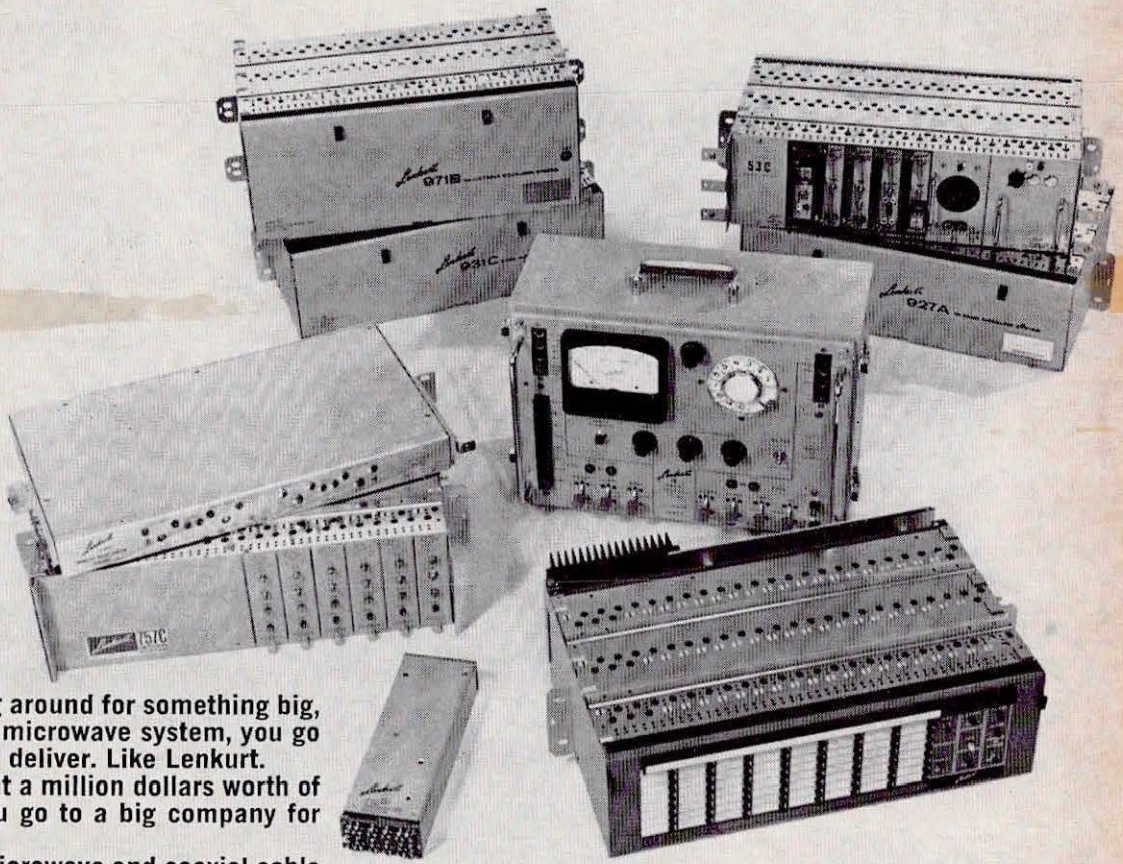


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And any time you want a million dollars worth of cable carrier systems, you go to a big company for that, too. Like Lenkurt.

And when you want microwave and coaxial cable and multiplex and cable carrier and data transmission, you definitely go to Lenkurt. Because we're the only company that makes them all.

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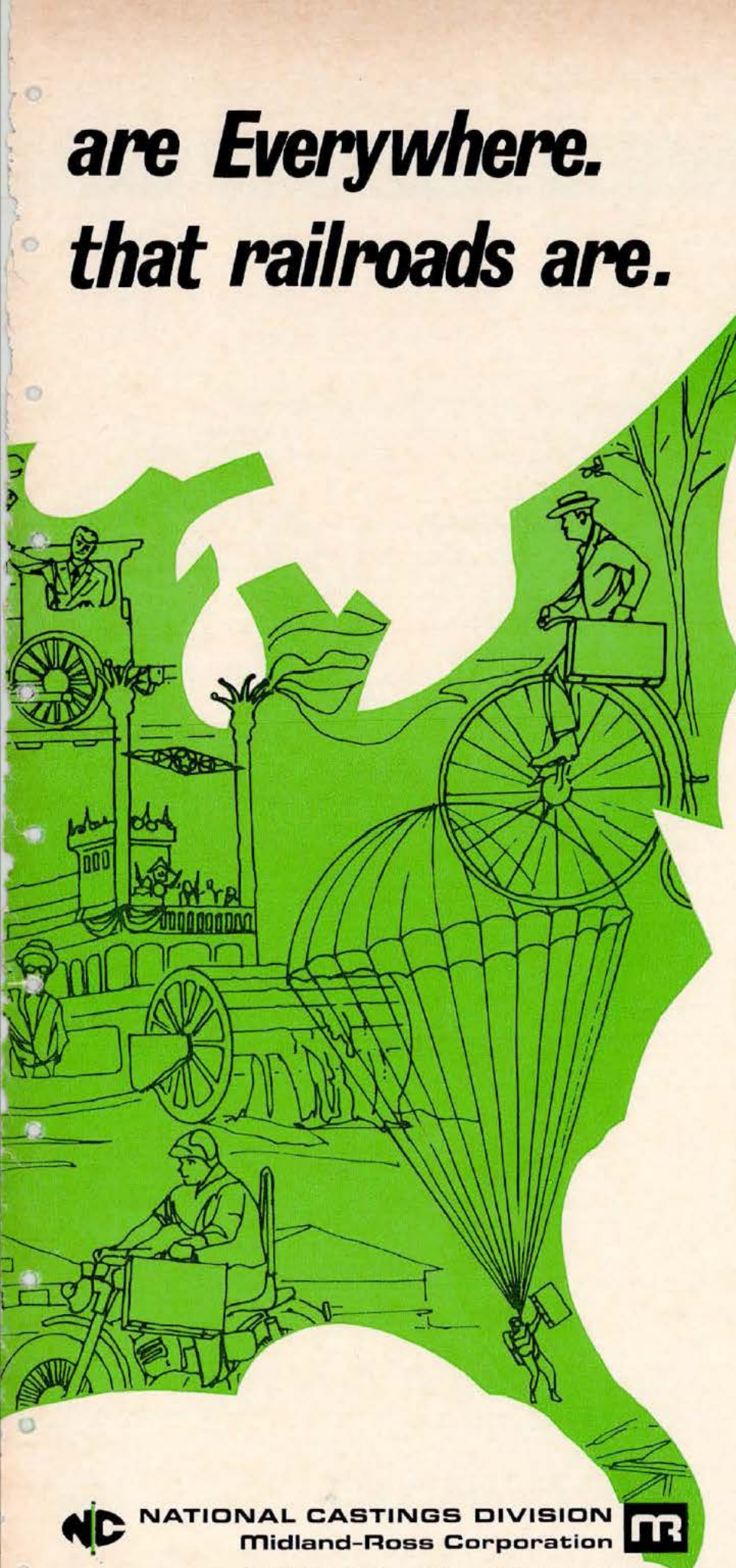

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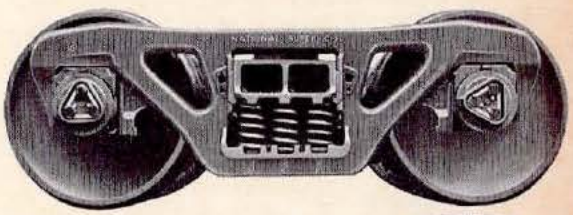

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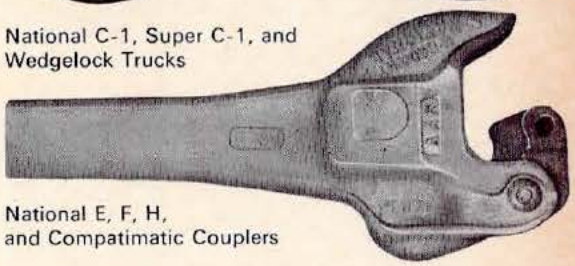

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# RAILWAY AGE

August 18, 1969 • Vol. 167, No. 7


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TOMORROW'S RAILROADS, No. 9: Senior Editor Gus Welty explores the changing intercity passenger market—and where surface transport fits into the picture. Also: A special report on industrial development examines the recent experiences of five roads—Northern Pacific, Frisco, Seaboard Coast Line, Norfolk & Western, Western Pacific.


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# SHORT AND SIGNIFICANT

**PC operates second TurboTrain**

Penn Central began operating its second Boston to New York TurboTrain on August 15 as an "experimental vacation service." In a joint statement, Secretary John A. Volpe and PC board chairman Stuart T. Saunders said that the new service is tailored to the late-summer tourist and vacationer seeking transportation to the gateway cities for New England resorts. PC and DOT will also use the new temporary service (running four weekends through Monday, Sept. 8) to take special on-board surveys of passengers. The surveys will provide data on traveler response to vacation-oriented schedules.

**ICC wants computer printouts for reports**

Rail and truck lines that are properly equipped may use computer printouts instead of the ICC report forms to furnish freight commodity statistics. Such carriers may also furnish card decks or magnetic tapes, which, the ICC says, its computer can process. This alternate reporting form can be adopted as soon as feasible for carrier operations. The procedure is being promoted to ease the processing burden for both the carriers and the Commission.

**Additions to GATX fleet at all-time high**

Additions to General American's railroad car fleet in the first half of 1969 amounted to more than $36 million, surpassing any previous six-month period. "Indications are that the year's total will exceed that of any previous year," says GATX Chairman T. M. Thompson. For this year's first half, the company reported net income of $14.4 million, compared with earnings of $12.6 million in the 1968 period.

**Northwest offer for Goodrich not extended**

The bitter takeover battle between Northwest Industries and B. F. Goodrich is apparently over. Northwest's tender offer to Goodrich shareholders expired Aug. 11, and it was not extended. Current market conditions were cited as a reason underlying the decision. But, while the fight may be over for now, it could flare up again. Northwest, indicating that it is now Goodrich's largest shareholder, says it will be keeping a careful watch on Goodrich performance. And the possibility of a future offer has apparently not been ruled out.

**MNT expands its trailer fleet by 40%**

Milwaukee Roads trucking subsidiary, Milwaukee Motor Transportation, has added 600 piggyback trailers to its fleet—boosting ownership by 40%, from 1,500 to 2,100 units. Builders have delivered 250 refrigerator trailers, 200 dry vans, 50 high-cube drop-frame units, 50 flat-beds, 30 open-tops and 20 half-side open-tops. Rate of growth for Milwaukee piggyback now stands at about 11%, first-half 1969 over the first six months of '68.

**MoPac planning industrial park at Austin, Tex.**

A $1-million industrial park is scheduled for development at South Austin, Tex., by Missouri Improvement Co., a wholly-owned subsidiary of Missouri Pacific. The 201-acre site was purchased from Calcasieu Lumber Co., and will be developed principally for location of industries using rail service. Missouri Improvement will install utilities, streets and rail leads.

**Road costs keep rising, DOT reports**

U.S. taxpayers are spending money for highways as fast as concrete can be poured, figures from DOT's public roads bureau show. Costs of highway construction in second-quarter 1969 rose 5.3% over the previous three months to 130.1% of the 1957-59 index. That represents a substantial rise over second-quarter 1968, which showed costs equal to 121.2% of the '57-'59 index. Main cause of the second-quarter rise, DOT says, was increased wages for construction workers.

# MONDAY MORNING REPORT

## NEW LOOK FOR THE ICC?

Because statements by ICC commissioners are sometimes long, a short one is cause for close attention. Virginia Mae Brown, ICC chairman, is on record with one of the shortest in memory. It concerns reorganization of the agency she heads. In four clipped paragraphs, Mrs. Brown says hurray for President Nixon's idea of naming a permanent chairman with some power. The lady chairman's brevity reflects the size of opposition to the President's plan. Twenty years ago, there was enough screaming against an appointed chairman to kill the plan of President Truman. Now, there is hardly a negative whisper.

### COMMISSIONERS AGREE WITH NIXON UNANIMOUSLY

Mrs. Brown puts it like this: "In his reorganization proposal, the President has outlined the advantages which he feels would be realized if the Commission had a permanent chairman instead of an annual rotation of the chairmanship among the Commissioners. We agree with his analysis." That agreement is unanimous among the members, she says. There is plenty of testimony on record for both sides, Mrs. Brown says, so her remarks can be brief.

### CONTINUITY, STRENGTH, EFFICIENCY . . .

What the President has outlined is (1) appointment of a chairman with permanency to provide "the necessary continuity of leadership in the conduct of the Commission's administrative affairs," and (2) statutory vesting of administrative power in the chairman, rather than delegation of that power, to gain "firm and clear legal responsibility for the management of the Commission's day-to-day affairs." Recalling that 20 years ago the Hoover Commission said administration by a plural executive is regarded universally as inefficient, the President said his plan "should result in more efficient operation of the Commission."

### . . . POLITICAL ADVANTAGE, TOO

One of the aspects Mr. Nixon didn't mention is the political advantage of his plan. With the death of Commissioner Burke in June, there are five Republicans and five Democrats on the Commission. Mrs. Brown, a Democrat, will rotate out of the chairmanship Dec. 31. Next in line by seniority is George Stafford, a Republican. Nixon could let Stafford move up and appoint a Republican to fill the Burke vacancy. Or, as seems more likely, Nixon can first fill the Burke vacancy with a Republican, and on Jan. 1 name that new commissioner to the chairmanship. The deadline for a Congressional veto of the reorganization plan is Oct. 11.

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# WEEK AT A GLANCE

## For railroad passengers, some highway money

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"This means that about 750 cars probably will be on that parking lot instead of on the highways and city streets," commented Volpe. He noted that DOT will be measuring the attractiveness of a suburban rail station placed near a major highway network.

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Phase Two, to be implemented later, will have passenger purchasing his own ticket from vending machine (right). Passenger will press destination and seat selection buttons. When panels advise of availability and cost, bills and coins are deposited with ticket then emerging in matter of seconds.

GUS WELTY

# LINES ON LABOR

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# Merger "switch" talked about by C&NW, Milwaukee

Merger of Chicago & North Western and the Milwaukee Road has been approved, under certain conditions, by an ICC examiner. Oral arguments before the Commission have been completed, and a decision is expected by year's end or early in 1970. In the meantime, the merger partners are looking at alternatives. Their problem, it appears, lies in the conditions attached to the merger by the examiner. And the alternative, proposed by C&NW-parent Northwest Industries: Purchase of C&NW by Milwaukee.

In the original proposal for merger, C&NW would have been the surviving road. Later, agreement was reached on an exchange of stock between Milwaukee and Northwest Industries, with the merged road to be operated as a subsidiary of Industries.

First word of the new alternative came in a report-to-stockholders by Milwaukee President Curtiss E. Crippen. He noted that the examiner's conditions for approval have been "strongly opposed." He said Milwaukee will "exert every effort to bring about the consummation of this merger in accordance with the present agreement."

But, Crippen reminded shareholders, the agreement may be terminated by either party "if, among other reasons, the Commission order imposes any condition not substantially similar to those customarily imposed . . . and which materially and adversely affects the interests of the surviving corporation. Representatives of Northwest Industries and North Western have indicated on several occasions that the merger might not be consummated if the conditions recommended by the examiner are adopted by the Commission. Recently, Mr. Ben Heineman, president of Northwest Industries, suggested to us the possible purchase of the assets of the North Western Railway by the Milwaukee."

Crippen's further comment: "Your board of directors is of the view that the merger should be consummated under the present agreement of merger."

Conditions recommended by the examiner include one involving traffic-loss indemnity payments to Rock Island, itself involved in a major merger/control case; and another giving Soo Line certain access routes over merged C&NW-Milwaukee lines. The examiner's conditioned approval of the merger came last December.

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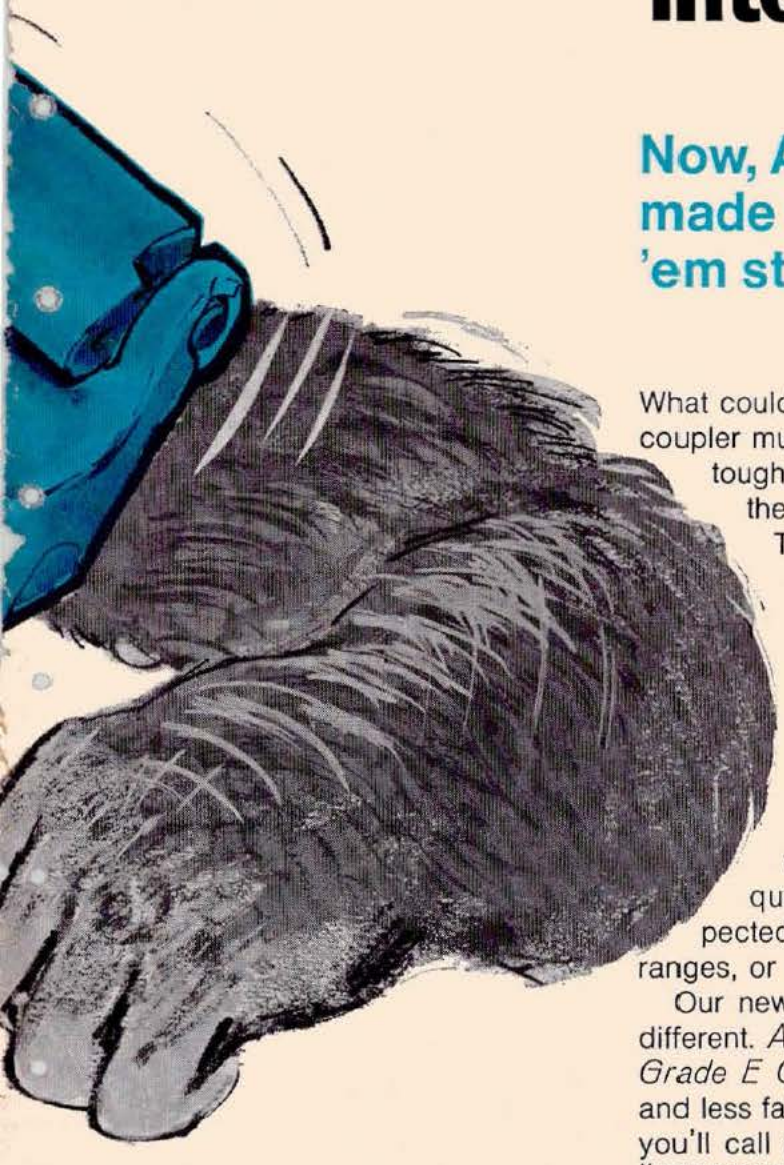

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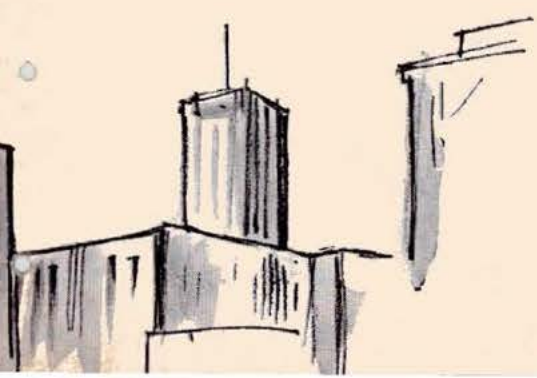

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In the original proposal for merger, C&NW would have been the surviving road. Later, agreement was reached on an exchange of stock between Milwaukee and Northwest Industries, with the merged road to be operated as a subsidiary of Industries.

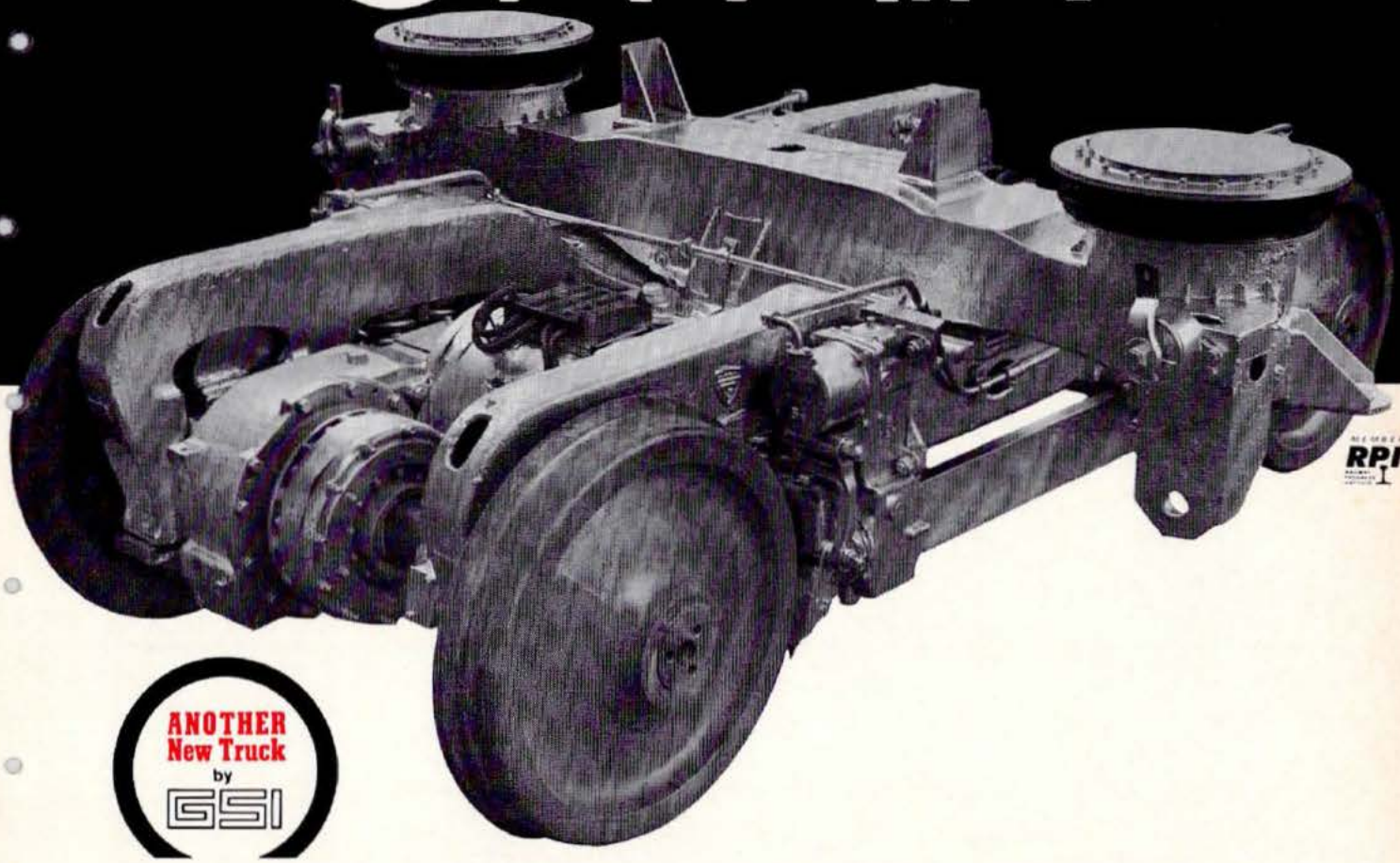
First word of the new alternative came in a report-to-stockholders by Milwaukee President Curtiss E. Crippen. He noted that the examiner's conditions for approval have been "strongly opposed." He said Milwaukee will "exert every effort to bring about the consummation of this merger in accordance with the present agreement."

But, Crippen reminded shareholders, the agreement may be terminated by either party "if, among other reasons, the Commission order imposes any condition not substantially similar to those customarily imposed . . . and which materially and adversely affects the interests of the surviving corporation. Representatives of Northwest Industries and North Western have indicated on several occasions that the merger might not be consummated if the conditions recommended by the examiner are adopted by the Commission. Recently, Mr. Ben Heineman, president of Northwest Industries, suggested to us the possible purchase of the assets of the North Western Railway by the Milwaukee."

Crippen's further comment: "Your board of directors is of the view that the merger should be consummated under the present agreement of merger."

Conditions recommended by the examiner include one involving traffic-loss indemnity payments to Rock Island, itself involved in a major merger/control case; and another giving Soo Line certain access routes over merged C&NW-Milwaukee lines. The examiner's conditioned approval of the merger came last December.

# SHE'S RIDING ON AIR



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*Cars built by GSI – St. Louis Car*

UNION PACIFIC'S FRANK BARNETT:

# What it takes to be a growth industry

**A rising market for transportation, combined with the railroads' cost advantages, makes railroading "one of the great growth industries," in the Union Pacific chairman's view.**

*At the Union Pacific's annual meeting in Salt Lake City recently, Board Chairman Frank E. Barnett took somber note of the many adverse factors affecting operations, but he nonetheless termed the UP's recent performance "satisfactory." That pretty well sums up Barnett's feeling about the industry as a whole. While aware of the grave problems facing railroads—problems to which he sees no easy solutions—he remains convinced that prosperous times lie ahead. In a taped interview with Railway Age, Barnett described the basis of his optimism.*

**Q. There has been talk that railroads, through the so-called holding company route, are in fact diversifying out of the railroad business. They buy manufacturing compan-**

**ies, for example, where the return may be on the order of 12%. These outside earnings, it is said, are to be plowed back into the railroad. But why would this happen; why not use these earnings to buy still another manufacturing company?**

**A.** There are two big "if's" in that—"if" the manufacturing concern pays 12% and "if" the railroad returns around 3%. First off, I doubt the former figure would be that high. Even so, you can still find new investments in railroad property that are as attractive as anything you might make in real estate or any other enterprise. As to this holding company idea, we have gone that route, but formation of the Union Pacific Corporation is only the outgrowth of something we started in 1962 when we divided what was then simply called the railroad into three divisions—transportation, land and natural resources. Each of these has been expanding and will continue to expand. We certainly don't see in this any prospect of what some people call dis-investment in the railroad. I think the railroad industry, in fact, is one of the great growth industries in this country today. (When I talk of railroads as a growth industry, people almost get a glaze over their eyes and say, "This guy is nuts!"). But I'll tell you why. We start out with the proposition that roughly 20% of our gross national product is transportation. Well, in this country we're looking forward—and I have no doubt it will come—to an increase in GNP from $850 billion this year to $1,410 billion ten years from now. We're going to have, even for us, a very difficult time snatching defeat out of the jaws of victory.

**Q. You anticipate, obviously, that railroads will do well in this decade. What do you base that on?**

**A.** Well, let's just apply that 20% transportation factor in the GNP to the over-all growth I mentioned. And then look at costs. Costs are what are going to determine the ball game. And our costs, as an industry, are about 1.1 cents a ton-mile. In those new jumbo jets, which will come into general freight service within a few years, the best cost they're talking about is about 3.5 cents a ton-mile. Before their last wage increase went into effect, the cost of the trucking industry was about 6.5 cents a ton-mile.

Now, given a solution to our service problems, we think we know where the business will go. We aren't interested in our comparative inability to compete, because we don't believe it's really there. I know, in the West, we're going to have a disproportionate share of that increase in the GNP. Our interest, really, is in getting our unfair share of that growth.

**Q. You mention service problems. Will these be resolved?**

**A.** I think so. It's a matter of terminal and interchange delays, and we're taking very definite steps to overcome these, especially on our through trains, right now. For example, the UP is now pre-blocking at North Platte. And some of our interchange points are being eliminated. Say we have a trainload going into Birmingham, Ala. We send Union Pacific power right into Birmingham. We have this worked out with the Frisco. We don't even unhook our power. We're experimenting with the same thing into Pittsburgh. These are real service improvements.

**Q. In your opinion, what will be the impact of so-called tight money on railroad sepnding over the next 12 months?**

**A.** The extent of the impact will depend on the flexibility of the individual railroads. By flexibility I mean that there are a number of ways to finance railroad needs. These include outright cash purchase, conditional sales agreements, the traditional equipment trust and, more recently commercial paper.

As you know, more roads lately have been going with commercial paper. We have on the UP, for example, authorization for $50 million. This is a method of financing railroad equipment, too.

**Q. What does this cost you?**

**A.** Too much. It's too expensive. But bear in mind that the rate in and of itself is not what counts. What really stops things is the sheer availability of loans. Right now many banks are turning down loans which only a year ago they'd have been glad to have.

**Q. How long do you think this "tightening" in the money supply will continue, as distinct from the high cost of money?**

**A.** Well, I don't like to say continued tightening. Let's call it a continuation of the present tightness. I can see the present degree of tightness continuing for about another six months.

**Q. And you think federal policy will change, or relax, in that time?**

**A.** They say they won't but my horse sense tells me they will. I think this is very apt to happen, yes.

**Q. Going back for a moment to the price of money. Is it not true that the present 8.5% prime rate is actually less than that if you consider income taxes? Interest is a deductible item, is it not?**

**A.** That's true, it is deductible; and depending upon your tax bracket, you do get some break. But that saving, if you call it that, is not a controlling factor.

**Q. You mentioned equipment trust financing earlier. Is this method of financing rolling stock likely to accelerate in the next two or three years since much of the paper issued just after World War II has reached, or shortly will reach, maturity?**

**A.** I don't think so, for this reason: The amounts spent for rolling stock —cars and locomotives—in the period, say, two or three years on either side of 20 years or 15 years ago is relatively small in amount compared to present-day needs.

**Q. What exactly do you see these present-day needs to be? How much is involved?**

**A.** The amounts are very substantial, in my view. For example, in my opinion, our industry would need to invest $2 billion a year. Now, the industry since 1962 has been spending something on the order of $1.5 billion a year. The $2 billion figure is bound to increase by inflation. Look at it this way: A new box car, one unit, cost around

$14,500 in 1962; today, a new box wil be close to $20,000. Today's box car is larger, with more capacity, but unit costs are higher and obviously the $2 billion would buy fewer units.

On the UP we've been more fortunate; during the past seven years we've actually been investing somewhat more than our "share" of the $2 billion. If you take any given figure in the industry, labor for example, you will find we represent about 5% of the total. On that basis we ought to be investing about 5% of $2 billion, or around $100 million a year. In the past seven years, while the 7% investment tax credit has been in effect, we have been doing more like 15% of the total industry requirement. The average age of our car fleet is now about 12.5 years. The rest of the industry needs to come along and get its average age down, too. Certainly this should be done.

**Q. What railroads have spent in recent years, by and large, has been for rolling stock. This can be financed, presumably, even at today's money rates. What about other items—the fixed facilities which many people contend need attention, too?**

**A.** There's a very natural reason why railroads don't put added investments in fixed facilities, and why this category of investment runs second to rolling stock. It's simply this: We all believe that with our present facilities we could handle at least a third more business than we do now. Our present plant is only about 60% utilized now. So we could add a third right on top.

I should clarify that comment this way, however: I don't mean you can ignore keeping up your fixed property and making additional expenditures, especially where the return is attractive.

**Q. But car capacity continues to increase, locomotives are larger, heavier, with greater horsepower. Wouldn't this naturally require improved track, for example?**

**A.** There are two ways to look at that. First, you have to look at the plant you have now, and what you can do to upgrade it; that's where your 133-lb. and welded rail comes in. Secondly, you must look at those things which help you get trains across the railroad more efficiently. I don't think you'll find any reluctance whatever to spend money on the latter. The return can be such as to make these expenditures very attractive.

**"You have all sorts of things which you can do on a railroad which you know darned well will produce a 15% or 20% return."**

**Q. Yet this imposes on management the decision as to how to allocate limited funds—especially at a time when ability to borrow may be limited by high interest rates, or, as you put it, "sheer availability of money?"**

**A.** Of course. But note this. You have all sorts of things which you can do on a railroad which you know darned well will produce a 15% or 20% return. Sometimes more. This kind of investment not only remains attractive in times like these, but it usually gets priority.

I can cite a case on the UP, for example. Our new Bailey yard at North Platte (Neb.) cost us $12.5 million. But it makes possible preblocked trains, and it has relieved the tremendous congestion we formerly had in our Kansas City yard. Now, we wouldn't have any trouble raising money to build Bailey yard, even today. What this has done for our operations is such that it will pay for itself in four or five years. This, incidentally, is the kind of fixed facility that gets top priority on any railroad. It's always a matter of priorities; one opportunity looks good unless or until something better comes along.

**Q. Just how many places, though, can you get a return competitive with your Bailey Yard?**

**A.** Not everywhere, naturally. But this matter of return on investment ought to be explained. When railroads talk about a 3% return, this doesn't mean that's what you obtain with every new investment in the property. That's an average. This base, or average, is always there, and it's something you can't do much about.

Take a bridge you invested in years ago. The return on that capital investment may not be much now, but if you want to pull the bridge down and sell it for scrap, I just defy you to try it. The ICC would throw you in jail if this bridge put your main line out of service and was not promptly replaced. So the investment is there. And there isn't a thing you can do about it, except to try and keep it in operating condition.

What you're talking about with a current investment, however, say in an addition or improvement, is new money. That's the bind. You can buy government bonds that pay more than 7%. So you don't take this new money and put it into the railroad unless you see one of two things: Either a high return;

*(Continued on page 25)*

***"According to the extensive calculations of our C&S department, Servo's new magnetic transducers oughtta be installed right about here."***

ANY railroad man, from our lonely friend of 100 years ago to his modern counterpart of today, could be expected to ask the question: "But what will Servo's transducers do once they've been installed?" And that brings us right to the point.

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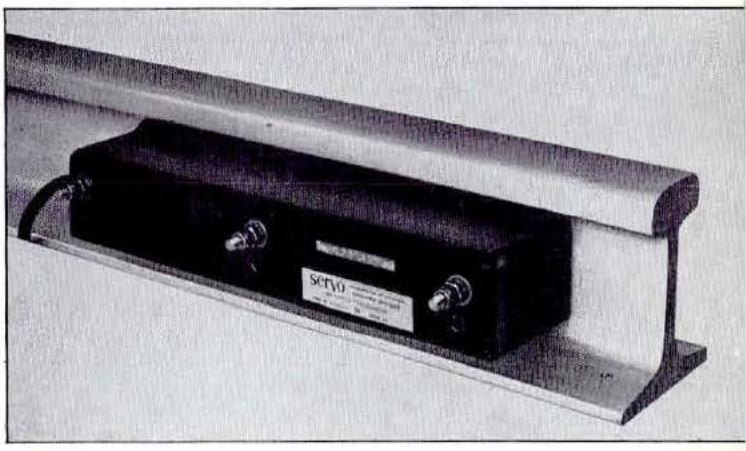
Would you like to know more about these versatile units, including technical description, specifications and application notes? Just ask for Tech Data Publication 2016.




**SERVOPOLE® Rail-Mounted Magnetic Sensing Transducer** is a dual-segment unit for use where directional information is required. Another model, SERVOTRIP®, is a single-segment transducer for applications where direction sensing is not required. The transducers have no moving parts—all internal components are encapsulated and mounted in a rugged fiberglass-reinforced housing. A complete selection of associated control units is also available from Servo, including: timers, directional sensors and analyzers, speed selectors, relays, etc.

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MEMBER RPI

# Building better is still the Stanray way of doing things

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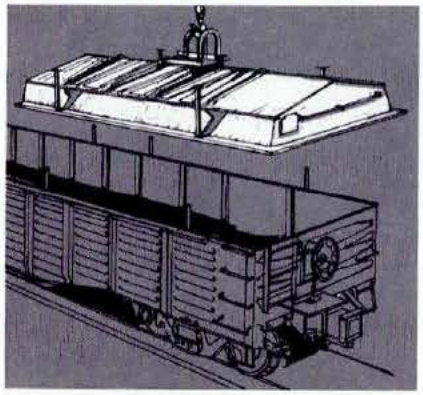
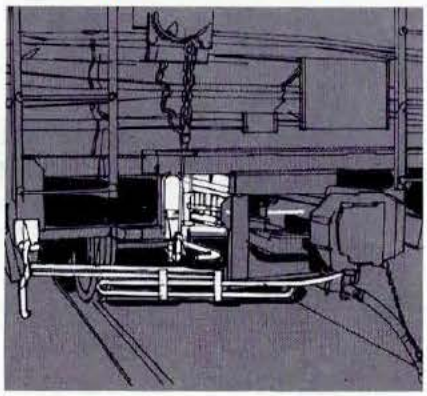
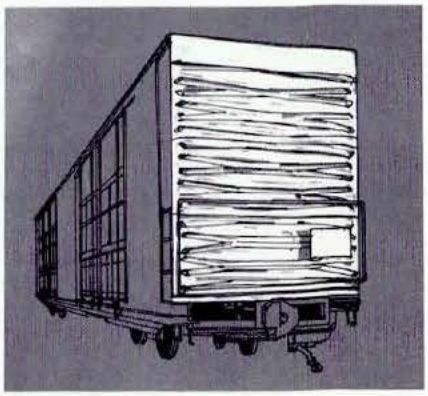


**Tri-Section Roof** gives boxcar protection to gondola cargo, provides up to 9 feet of clear height under the roof. It can be stacked out of the way in 3 sections. Roof available with running board and top inspection hatch, or with end-mounted hatch and no running board.



**Standard's Coupler Centering Devices** do several things better: keeps a free coupler centered in relation to the end sill, minimizing damage brought on by the passing of couplers; permits all movements of a car that are essential to safe operation. Available in four designs to suit a variety of applications.



**Corrugated Ends** have a resilient construction that produces spring-like action under impact, and a strength that is greater than other designs using the same thickness of metal.

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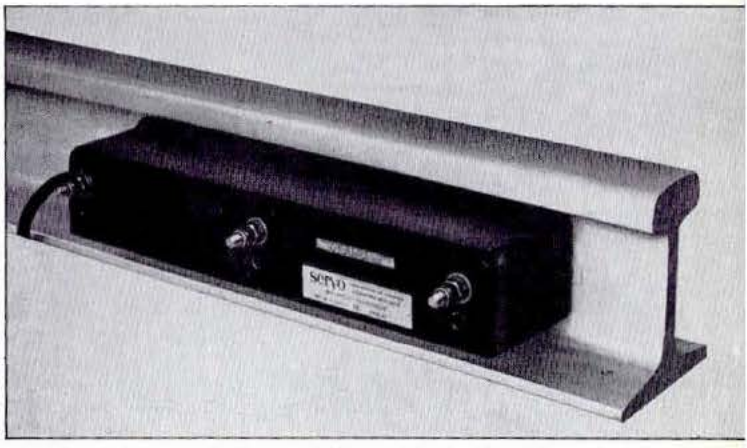


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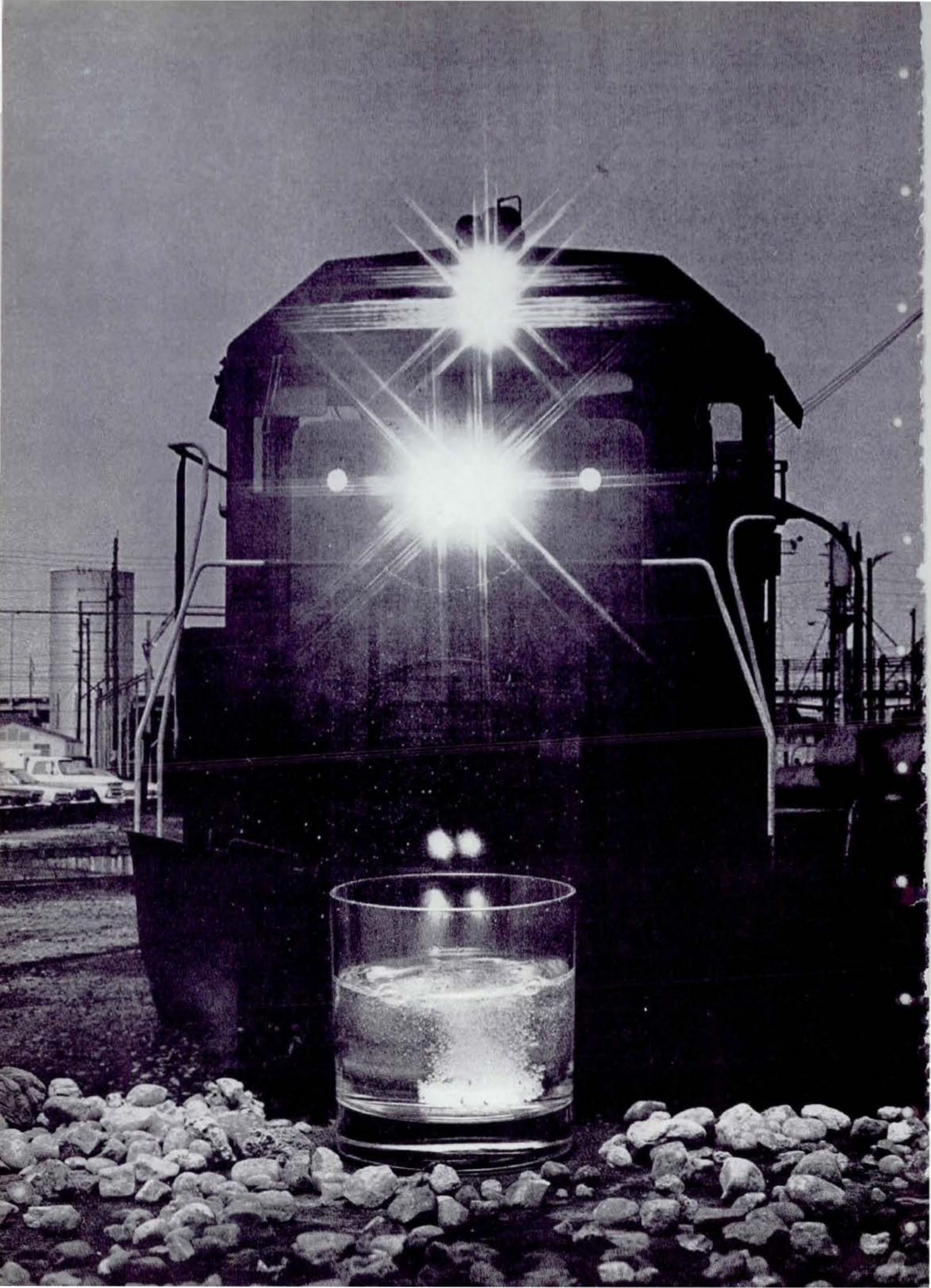

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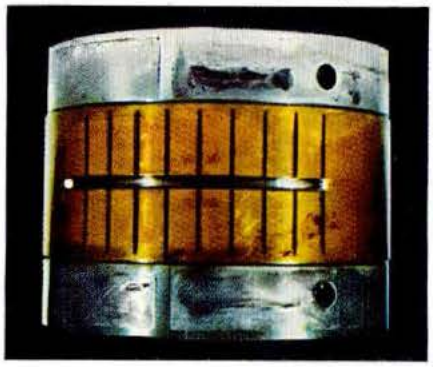
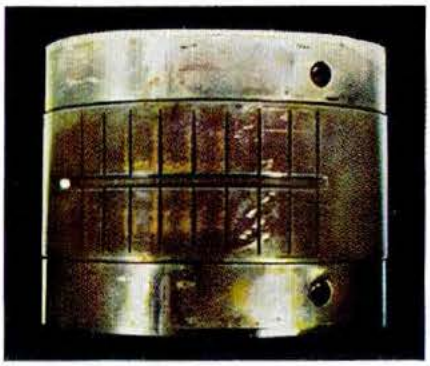


LEAD FLASHING on this upper connecting rod bearing is completely gone after 97,000 miles on an Eastern railroad using high-quality oil.



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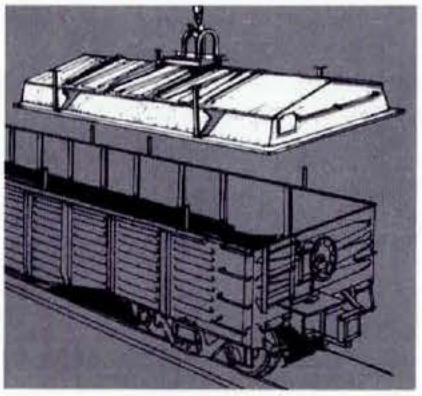

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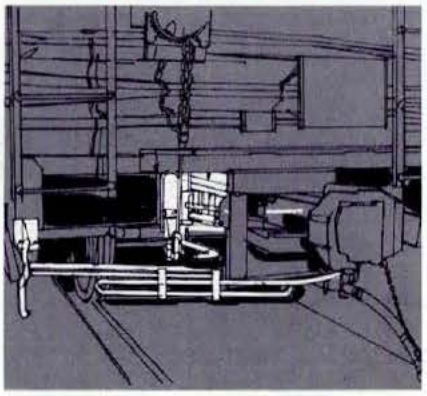

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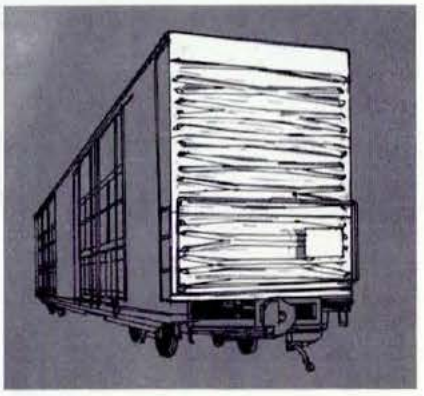

**Corrugated Ends** have a resilient construction that produces spring-like action under impact, and a strength that is greater than other designs using the same thickness of metal.

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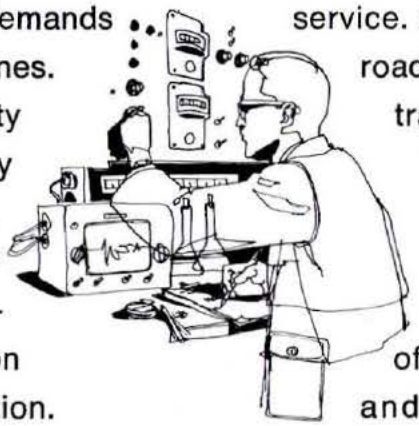

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# "WE'RE GOING TO MAKE IT ON OUR OWN, DESPITE INEQUITIES"

*(continued from page 16)*

or maybe that bridge falls down and you have to replace it to stay in business.

**Q. On the general question of capital needs and financing do you see any increased role by the federal government in this area?**

A. I can think of one thing right away. The government could do a great service for this industry by continuing the 7% investment tax credit—which costs the government very little in return for what it buys. Just on our road, we've had $62.5 million in benefits on the tax credit; and that's the down payment on more than $300 million of new equipment.

I realize, of course, that the tax credit has been eliminated in the proposed tax reform bill, and a form of accelerated depreciation has been substituted in its place. This, to me, indicates a growing awareness, at least in Congress, that railroads need help.

**Q. What about the recent ICC study on passenger service?**

A. I look at that this way: The Commission for the first time has come out bluntly and said if public convenience and necessity requires continuation of a long-haul passenger train, that's a governmental problem. And there should be a bill introduced to implement that principal.

Right now, if the ICC requires continued operation of a passenger train, and it's one the railroad can't possibly run economically, then the costs are borne by John Q. Public, by you, and you and you, because it is an added cost of getting freight transportation. So the question is not a matter of discriminating for or against any individual railroad. It is a matter of discriminating against the freight-paying public for the benefit of that miniscule minority (less than 10% of the total) who use rail passenger service. If the public wishes to go ahead and pay for passenger services that aren't used, that's between the public and the ICC—not us.

**Q. In this area of govermental help, or possible help, do you anticipate resurrection of anything like the old RFC, or perhaps government-insured loans of some kind?**

A. No. When you look at what the government itself pays for money, I wouldn't say we need that kind of guarantee.

**Q. Would you consider an offer by the government, should it occur, to buy and lease back your fixed plant?**

A. That would depend on how the offer came. If it were simply a case of their wanting to assume the costs of our rights-of-way, and let us lease it back for operation, then we very likely would be interested.

**Q. Are you concerned over the prospect, as some see it, of nationalization of the railroads? Is this a real and imminent threat?**

A. I think it's a constant threat. And I think it would be a national disaster, should such a thing happen.

**Q. Let's say government, either soon or in the more distant future, definitely decides it doesn't want to own and operate railroads. What steps do you think Washington should take now to preclude that?**

A. Do you want a three-hour lecture, or should I give you the one-hour summary?

Railroads today operate under rules imposed as a result of conditions of 80-odd years ago. Perhaps these rules were rightfully imposed—80 years ago—because railroads then had a monopoly in transportation. As of today, however, railroads are anything but a monopoly. Yet they operate under these same basic rules. No such restrictions apply to the airlines, or the trucking industry, or the barge lines.

For example, let's talk about the fact that railroads have to acquire and then maintain their own rights-of-way, which the other carriers don't have to do. Theirs are supplied to them by government.

The railroads are in quite a different situation. We have, for instance, about $3.6 billion invested in grading and in tunnel bores which aren't allowed any sort of tax writeoff—it's a capital investment which is hung up there forever. So we actually not only have to maintain such facilities in safe and useable condition, but we have to pay taxes on money we're not making—at least to the extent our taxes would be reduced by fair depreciation allowances. I said earlier that I think railroads are a growth situation, because we can do a given transportation job at less cost to the user. But there are some tax and regulatory matters which don't make sense, even so.

**Q. Is there any likelihood these rules might be changed? What are chances of railroads obtaining freedom to provide department-store transportation, for example?**

A. The hurdle that has to be overcome in this case is fear. We are not permitted to furnish total transportation service, as you know; all we are permitted is to furnish rail transportation. This kind of restriction is based on the fear that we, the railroads, would obtain control of other forms of transportation—despite the fact that every form of transportation is regulated. What should be the case, but isn't, is that rules about control should work both ways. For example, there is no legal reason why United Airlines could not come in tomorrow and acquire control of the Union Pacific. And yet we are not allowed to participate in any ownership in the air industry, not even an air freight business. These rules *have* to work both ways.

I think that if you came to one of our offices to buy transportation, we ought to have the right to serve you. If you want to go from New York to Los Angeles and want to go the cheapest way, we'll sell you a bus ticket. If you're in a hurry, O.K., we'll sell you an airline ticket. If you have the travel time, we'll sell you a railroad passenger ticket—provided somebody will help us pay the cost of transporting you out there. Or, if you have a hell of a lot of time, we'll push you out there in a baby carriage.

**Q. And you would apply the same thing to freight?**

A. Definitely. That's certainly how it should be, but that's not how it is. I fought, bled and died on this question 10 years ago, and I must confess I'm a little cynical about the prospects at this time.

No matter. The main point is, we're going to make it on our own, despite the inequities. It all goes back to that variation in costs. Any way you cut it, the railroad is the least expensive form of transportation and that is what is going to pay off for us in long run. ■

**READY FOR THE ROAD**

Newly overhauled box cars are inspected as they come off Meadville shop production line by G. E. Swartwood, shop superintendent, (left) and J. G. Howat, general foreman. Since EL, with aid of management consultants, instituted control system for work flow, productivity has increased as much as 24% at the heavy repair facility.

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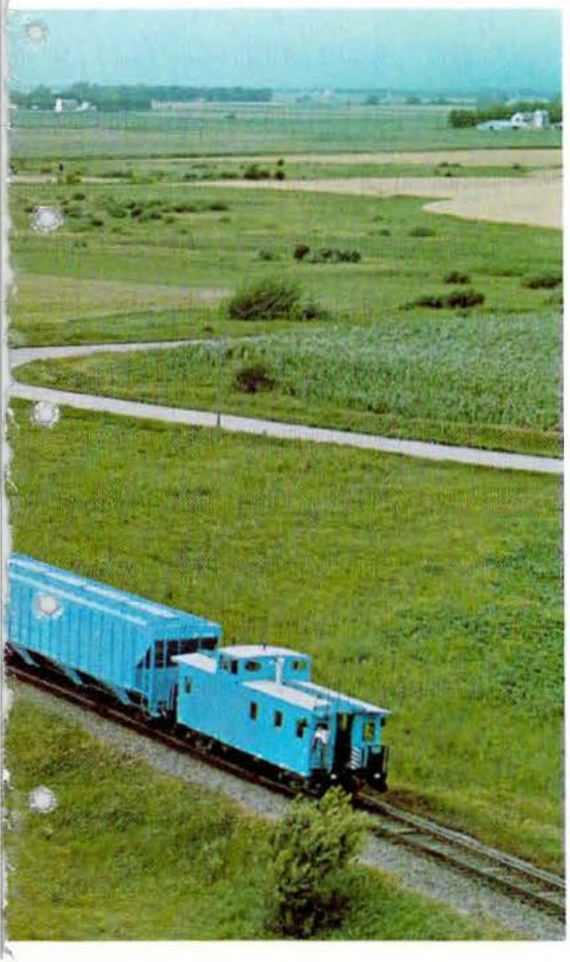

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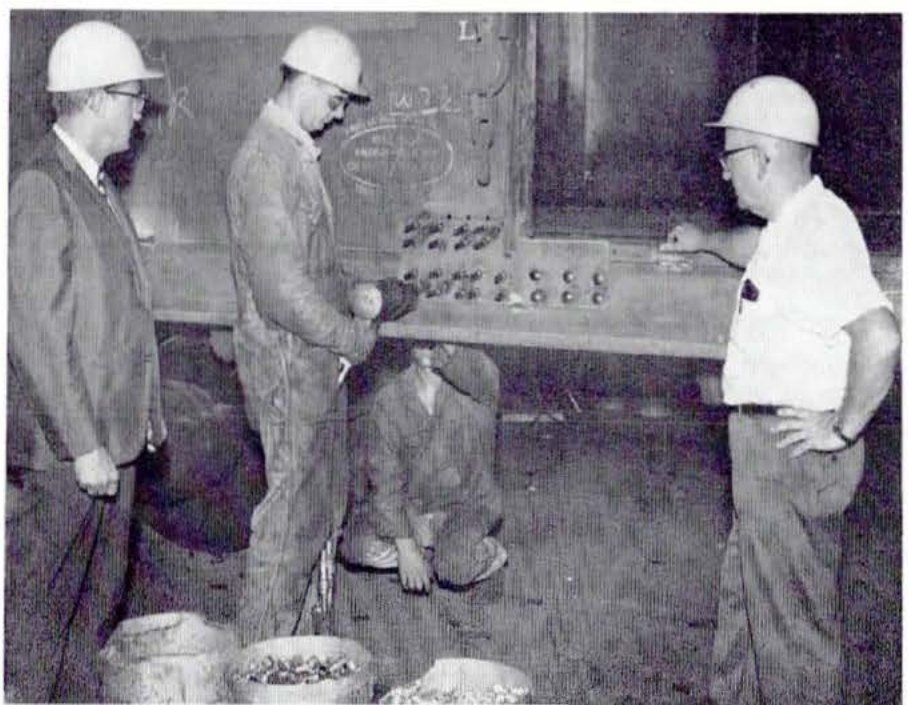

**CLOSER CONTROL**

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# EL gets bad-order cars back into service fast

**Administrative practices at road's heavy repair shop were altered under consultant's guidance.**

Overcoming just five administrative deficiencies at its heavy car repair shop has enabled Erie Lackawanna to achieve a significant improvement in its freight-car bad order ratio.

When midway in 1967, Fred Diegtel, vice president—operations and maintenance, read still another report on EL's bad-order status, he knew that the road had really never fully recovered from the encounter of its two predecessors with a famous, violent lady—Hurricane Diane. That descructive 1955 storm had forced the abandonment of the Erie's heavily damaged shop at Dunmore, Pa.

Although a completely new shop was opened at Meadville, Pa., three years later (RA, Feb. 16, 1959, p. 35), it had never been able to make a substantial dent in the backlog of unserviceable cars. The addition of the Lackawanna's car fleet, following the 1960 merger, had not served to improve the situation.

• **Increased productivity.** Diegtel realized that if there was to be a turnaround, productivity of the shop would have to be increased. But it would have to be accomplished within the limits of the existing budget and manpower.

He first considered the possibility of hiring industrial engineers to cure EL's production ailments. Quickly he discovered that there was already an acute shortage of such talent. Then his attention turned to consultants.

Shortly Chief Mechanical Officer William G. Carlson, with the assistance of a team from Handley-Walker Co., Montvale, N.J., management consultants, began an objective analysis of the Meadville Car Shop to determine solutions for its problems.

• **Five problems.** After weeks of on-the-job observations and discussions with supervisory personnel, the analysis revealed five major problem areas:

—Accurate work expectancies were never established for the repair line, causing it to function at the pace of the slowest station;

—Inspection of incoming cars needed to be more comprehensive in order to plan the work flow more effectively;

—Lack of preparation for exceptional work situations interrupted the productivity of the line;

—Handling of exceptions required more flexible manning to prevent excessive loss of time;

—Time losses were excessive when shop material production was not coordinated with the repair line.

By November 1967, Robert G. Kauffman, assistant chief mechanical officer—car, was assigned to work directly with the Handley-Walker people to correct these production deficiencies. By repeatedly observing and recording the times it took to complete the different operations on the 24-station production line, a "reasonable expectancy" was established for each job. The maximum length of time a car must remain at any one station is determined in order to reach a daily production goal and each station is given a quantity of work that can be completed within that time.

## Advance inspection

To avoid unexpected interruptions in the balanced work flow, a pre-inspection program was initiated. This gives advance notice of work which will be required beyond the routine operations for which the line is manned and tooled.

• **Balanced support.** To place the balanced station concept in harmony with support areas, a program was introduced to coordinate the delivery of materials to the line from the facility's wood mill, truck, plate and blacksmith shops. By eliminating costly delays for materials, the repair line could continue to function without interruption.

Handley-Walker analysts occasionally discovered overlooked bottlenecks. While observing a gondola repair operation, it was discovered that the drop ends removed for repair were always stacked so that the one on the bottom of the pile was always the first needed for re-application. If substitute ends were installed, added time was needed on the line for fitting. To avoid such substitutions, the pile of end gates is always flipped over before being repaired to make their sequence match the flow of cars on the line.

A special benefit of the new controls to EL's management is explained by Kauffman: "In the last two years we have had four new foremen and replaced three others. These changes left us with considerable inexperienced supervision who did not have any established guidelines as to what could be expected of their men. This made our supervisory people uncertain and, when this happens, authority loses a great deal of its effectiveness.

"After we made our analysis and established our production expectancies, our supervisors had a tool that really gave them the confidence to get the job done. Another interesting aspect is that while creating expectancies has helped to increase productivity, our safety record has also improved."

• **More teamwork.** While there was some initial suspicion, the men working EL's repair line quickly became acclimated to the more constant pace established by the new control system. A sense of teamwork has developed among the men at each work station.

To sustain the production levels, Delay and Correction Reports are made by foremen on all operations when their output is not in accordance with the established "expectancy" levels. With such feedback, problems are solved as they occur. Reports are forwarded weekly to EL's mechanical headquarters in Cleveland and to Handley-Walker to assure adherence to planned productivity goals. To maintain the effectiveness of all its clients' operations, Handley-Walker rechecks them four times the first year and annually thereafter.

The program was initiated in June 1968 and within a year the Erie Lackawanna's bad-order ratio had dropped below the national average. In addition, the production facilities also had time to build a series of completely new transfer cabooses. ■

# LIRR drama rolls toward a

**It's a cliffhanger, with a cast of irate thousands—and a worried governor now on stage.**

New York Governor Nelson Rockefeller discovered long ago that good railroading makes good politics in a state whose most influential citizens spent much of their working lives on commuter trains.

He is now discovering that bad railroading makes very bad politics.

Rockefeller has good reason to take pride in his transportation record. He fought for, and won, state aid for ailing commuter lines. He unified New York City's loosely organized public transport into a single powerful agency, the Metropolitan Transportation Authority. He masterminded a precedent-breaking $2.5-billion transportation bond issue.

But his prize exhibit has been the Long Island Rail Road, which he purchased for New York State in 1965, to great public acclaim.

● **A tarnished prize.** Ten days ago this prize was in such a tarnished state that the Governor found his chances for re-election imperiled.

With a dozen or more rush-hour trains being cancelled every day, leaving many of the LIRR's 130,000 commuters stranded and fuming, Rockefeller 'coptered to Garden City, L.I. Addressing a breakfast meeting of 300 fed-up constituents, he made what must rank as the bravest transportation statement of the year.

"Within the next two months," promised Rockefeller, "the Long Island Rail Road is going to be the finest in the country."

Thus began Act III of a tragicomedy that has reduced one of the nation's most powerful and engaging politicians to running scared against a commuter train.

● **When Dashin' Dan dashed.** Act I began with the purchase of the Long Island from the Pennsylvania. For a while things went along pretty much as they had before, with Thomas M. Goodfellow in control as president, with trains running on time, and with Jim Schultz' dazzling p.r. campaign in full swing (in those days the LIRR and its Dashin'-Dan-the-Commutin'-Man symbol were the darlings of the press).

Then Rockefeller created the Metropolitan Transportation Authority, with control over the LIRR and the subways, bridges, buses and tunnels (except Hudson River crossings) as well. He named his long-time aide, ex-NYU Professor William J. Ronan, to head MTA.

Two years ago Goodfellow left to become president of the Association of American Railroads; not long thereafter he took Jim Schultz to Washington to run the AAR's advertising and p.r. effort. Frank Aikman, LIRR's vice president and chief engineer, became president. Act II began.

● **Bubble, bubble.** Gradually, a number of labor problems which had long seethed beneath the surface began to bubble towards crisis—the catalyst apparently being MTA's effort to introduce streamlined labor procedures all along the line.

## THE PRINCIPAL PLAYERS

**Governor Nelson Rockefeller:**

His political future, advisors fear, could be jeopardized by deterioration of the railroad which once was a source of political strength.

**MTA's William J. Ronan:**

Politicians have demanded the ouster of Rockefeller's long-time aide, the $70,000-a-year head of the Metropolitan Transportation Authority.

**Budd's Phillip Scott:**

Supplier of LIRR's 620 new cars, his company has been caught in the crossfire between 130,000 irate commuters and the road's managers.

# climax

By last summer the Carmen's union was in open rebellion and staged a crippling slowdown. Deterioration of the LIRR to what the New York Times later called "a first-class public nuisance" was under way.

Car inspectors, going rigidly by the book, kept up to 25% of the fleet out of service. Workers refused overtime. Absenteeism soared.

Under-maintenance of the existing fleet did not, at first, worry MTA because orders had been placed with the Budd Co. for 620 new cars and, as one observer put it, "Why spend money repairing cars that you're going to scrap?"

But as the Budd cars began to arrive, there was the predictable shakedown period—and the predictable discovery of some bugs in the equipment. Budd was ready to do the debugging. But under strict interpretation of the union contract, the job belonged to the Carmen and they demanded it, even though they had neither the training nor the tools to work with the new, sophisticated equipment.

By early summer rush-hour cancellations were wholesale, the commuters had joined the Carmen in rebellion—and the politicians, looking to the elections, were demanding Ronan's head.

● **Change at (or near) the top.** They didn't get it. Instead, Ronan announced that President Aikman had put in a timely request for early retirement and was being replaced by Walter Schlager, the highly respected operating head of New York's subways.

At the same time Ronan announced that an agreement had been reached with the Brotherhood of Railway Carmen that would speed up the flow of serviceable cars. The union agreed to let all 94 of the then-delivered Budd cars go back to the manufacturer, at a special facility on Long Island, for refitting and replacement of parts. In return, management agreed to changes at the railroad's Dunton shops demanded by the union—including the eviction of a team of management consultants (who claimed to have discovered, among other things, that the absenteeism rate was 25%, and that 40% of those who showed up for work could not be found on the premises at any given time).

● **Confrontation.** All of this still did not quiet the furor, and the Governor made his dramatic dash to Garden City—and his even more dramatic promise that LIRR would be the finest commuter line in the land within two months. (Ronan lated said that the impression that should have been convey-

LUTHER MILLER

# AS THE EDITOR SEES IT

**FRANK BARNETT** can recite as well as any railroad man—and better than most—the long list of ailments that afflict the railroads. He speaks often and feelingly about them: the straitjacket of over-regulation that prevents railroads from fully exercising their transportation capabilities; the astigmatism of government transportation policy; grievous labor problems.

**BUT UNLIKE SOME RAILROAD MEN,** Union Pacific's board chairman stops short of suggesting that these inequities, unless they are immediately swept away, spell doom for railroads. Quite bluntly, and quite realistically, he sees no hope for any sudden and dramatic change. Nonetheless, he told Railway Age in an interview published elsewhere in these pages, "We're going to make it on our own, despite these inequities."

**WE'RE GOING TO MAKE IT,** said Barnett, because the demand for transportation is rising at a fantastic rate; and because the railroads have a cost advantage over their competitors that gives them the inside track in the race for the transportation dollar. The inside track, of course, is not the finish line; and Barnett sensibly attaches an important "if" to his optimistic projections.

**SERVICE IS THE "IF" ELEMENT,** in Barnett's view. Not what government does or doesn't do to help the railroads—but what the railroads do to help their customers. Barnett is convinced that railroads are well on the way to solving service problems connected with terminal congestion and over-the-road delays. He is less happy about the equipment situation. Good freight service begins with good freight cars. In Barnett's opinion, railroads ought to be spending $2 billion a year on equipment. It is in this area that he thinks government can and will help, by granting investment-encouraging tax incentives—such as, for example, the presently-proposed seven-year depreciation for freight cars.

**A FAIR SHARE** of the transportation market doesn't interest Barnett. He wants, he says with a twinkle in his eye, "an unfair share." Unfair, that is, by all recent standards of division.

**NOT EVERYONE SHARES** Barnett's vision of railroads as a growth industry. His talk about the great potential of railroads, he says, often elicits a glazed eye and the comment, "This guy is nuts." Nuts Frank Barnett isn't. A realist he is. We need more of the breed.

FRANK MALONE

# WATCHING WASHINGTON

**HOW WOULD YOU FEEL** if you had your own private rail car but had to go 4,000 miles to use it? John A. Volpe, Transportation Secretary, finds out this week. He's touring Alaska. For part of the trip he's using the business car available to him on the Federally-owned Alaska Railroad. That obviously isn't the main reason he's there. Volpe is in Alaska to size up the transport picture. But the fact that the Secretary's car finally is getting some use means that talk about expanding the Alaska Railroad finally is getting some action.

**WHAT WOULD YOU THINK** if you could open up one third (200,000 square miles) of the largest state? Volpe senses the impact of this as he talks with old men, politicians, natural resource experts, and members of the NORTH Commission (Northern Operators of Rail Transportation and Highways). It's his first visit to Alaska. It could be a memorable jaunt.

**WHAT WOULD YOU LOOK FOR,** to accomplish the opening-up? Volpe is there to explore a proposed rail-road-pipe corridor for the northern oil fields and the northwestern copper deposits. Reginald N. Whitman, FRA administrator, is along to help Volpe look. Whitman is a former Alaska Railroad general manager and a former NORTH Commission member. He says: "I feel Alaska is on the threshold of major development . . . A railroad is a good vehicle for development." He can remind Volpe of the "coal along the Bering Sea and the timber along the Yukon," in addition to the other resources waiting for a transport boost. To see the railroad itself, Volpe is checking the north-terminal yard at Fairbanks. He's also taking a 114-mile ride in his rail car from Anchorage south to Seward where he spends one night aboard the train.

**WHAT WOULD YOU DO,** to start things moving toward expansion of Alaska's transport facilities, and its railroad in particular? First, you'd have to make surveys. It's estimated they would cost at least $6 million. Volpe might get that much from Federal funds. However, the cost of the new rail lines, to say nothing of new roads and pipelines, would be something else. Maybe here the Alaskan industrialists can be as useful as they seem to have been in convincing Volpe—through Alaska's Republican congressmen and former governor Walter J. Hickel, Interior Secretary—that he should go north to try out his private railroad car.

ed was that the railroad would be on the way to becoming the nation's finest within 60 days.)

A third man at the Garden City confrontation was Phillip W. Scott, president of the Budd Co., who spoke up strongly and well in defense of his company's good name.

Scott noted that "the advanced design of this new generation of cars necessitated the development of complex systems—similar to those in new jet aircraft"—yet, the first cars were delivered in the near-record time of 13 months after signing of contract. Built to specifications which are the first of their type, the cars "not unexpectedly have required certain modifications and changes."

● **Miles of wire.** Explaining the complexity of the electric circuitry on the Metropolitans, which LIRR calls its new 118- and 122-passenger coaches (RA, Dec. 2, 1968, p. 18), Scott pointed to their eight miles of wiring, contrasting this with the "few thousand feet" on the predecessors. Problems of low voltage and extended third rail gaps, which have affected lights and air conditioning, are being overcome as MTA updates LIRR's aged electrification and as Budd and its suppliers introduce engineering improvements on the cars themselves.

Scott said Budd has had a team of 32 technical experts on LIRR property full time; other suppliers have assigned more than 20 engineers and technicians.

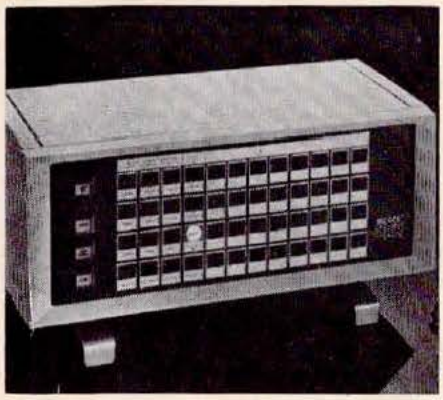
Complexity of the new commuter cars, said Scott, calls for higher requirements on the part of maintenance and operating personnel. Budd has just proposed a training program.

Scott added: "Published reports on the number of Metropolitans out of service during various periods of time have given an erroneous impression of the extent of the difficulties arising from malfunctions. For example, an average of 40 new cars were out of service each day during the period from May to July. Of these, half were out of service for periodic inspections required by the ICC or for normal maintenance. Engineering improvements made by Budd in recent months," he concluded, "have increased car reliability."

● **More bad news.** The first few days after Rockefeller's announcement produced little encouraging news. Train cancellations increased. And on Aug. 13, an LIRR train collided with deadhead equipment in the East River tunnel, resulting in scores of injuries—and more black headlines.

Last week Rockefeller was not being counted out but he was being counted down—by a public and a press for whom Oct. 8 will be the day of reckoning. ■

# NEW PRODUCTS REPORT



### Alarm system (RA1-)

New equipment (Remote Alarm Programmed Identity Display) reports equipment malfunctions via radio and wire-line from remote, inaccessible locations. The remote alarm station is completely self-contained, requiring no external power. The information is then displayed in attended locations for appropriate action. Alarm capacity of the RAPID system exceeds 3,000 points. *Secode Electronics.*

### Fiber optics (RA-2)

Glass flexible fiber optics manufactured by Corning Glass Works are being used by Puleo Electronics, Inc., in making compact map display systems. A principal use of the displays is for railroad traffic control. The fiber optic system permits a multicolor display in a more compact area than was previously possible. The display is more compact because fiber optics can be mounted on centers with no additional space needed for hardware. Also, a whole series of dots can be illuminated from a single lamp.

The ability of fiber optics to transmit colors enables additional space savings. A series of fiber optics can be piped from a single light compartment housing several different colored lamps. The whole series will then light up in the color of the lamp used. Before fiber optics, such displays demanded separate lamps for each dot and each color.

Puleo displays use fiber optic bundles of various lengths and diameters. *Corning Glass Works.*

### Printers (RA-3)

The 4440 series of alpha-numeric printers are designed to operate with ASCII or Baudot codes and are available in either console, mobile, ticket or validation models. The machine can print 44 characters, accepts input data, character serial, bit serial, is line asynchronous and operates at a rate that allows for insertion of documents of 40 characters per second. *American Regitel Corp.*

### Multiplex systems (RA-4)

Two new low-density, 3-channel SSBSC, CCITT multiplex systems, the K65E and EI, are designed for low density drop stations, order wire routes, dispatch channels, all-station party line circuits, alarm and control channels and VHF control.

The 6 channels occupy the frequency spectrum 300 Hz-12 kHz (K65E1) or 12 kHz-24 kHz (K65E) or combined 300 Hz-24 kHz and are so arranged that they can be inserted directly on the baseband.

Future expansion is easy, since additional common equipment can be installed when required to enable channel capacities up to 24 channels (K65D) and 960 channels (K65C).

Out-of-band E&M signaling is optionally built into the channel unit. The K65 family of multiplex systems features the latest in solid-state design and exceeds CCITT performance. *ITT Telecommunications.*

## NEW LITERATURE

**MATERIAL HANDLING.** Material Handling Institute, Inc. has published a 6-page brochure called "Educational and Specification Literature on Material Handling." The brochure lists all literature on various material handling subjects available from the MHI office. (NL-1)

**ACI PLATE INSTALLATION.** Kaiser Aluminum & Chemical Corp. has published a brochure describing a plan to help railroad freight car owners meet the impending deadline for installation of automatic car identification plates. (NL-2)


RAILWAY AGE
THE TRANSPORTATION WEEKLY

30 Church Street, N.Y., N.Y. 10007 READERS' SERVICE (Att. J. Lindstrom)

PLEASE SEND ADDITIONAL INFORMATION ABOUT PRODUCTS IN ADVERTISEMENTS NUMBERED: 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15

PLEASE SEND INFORMATION ABOUT PRODUCTS DESCRIBED ON PAGE 33 MARKED: RA-1 RA-2 RA-3 RA-4 NL-1 NL-2

NAME ..... TITLE .....

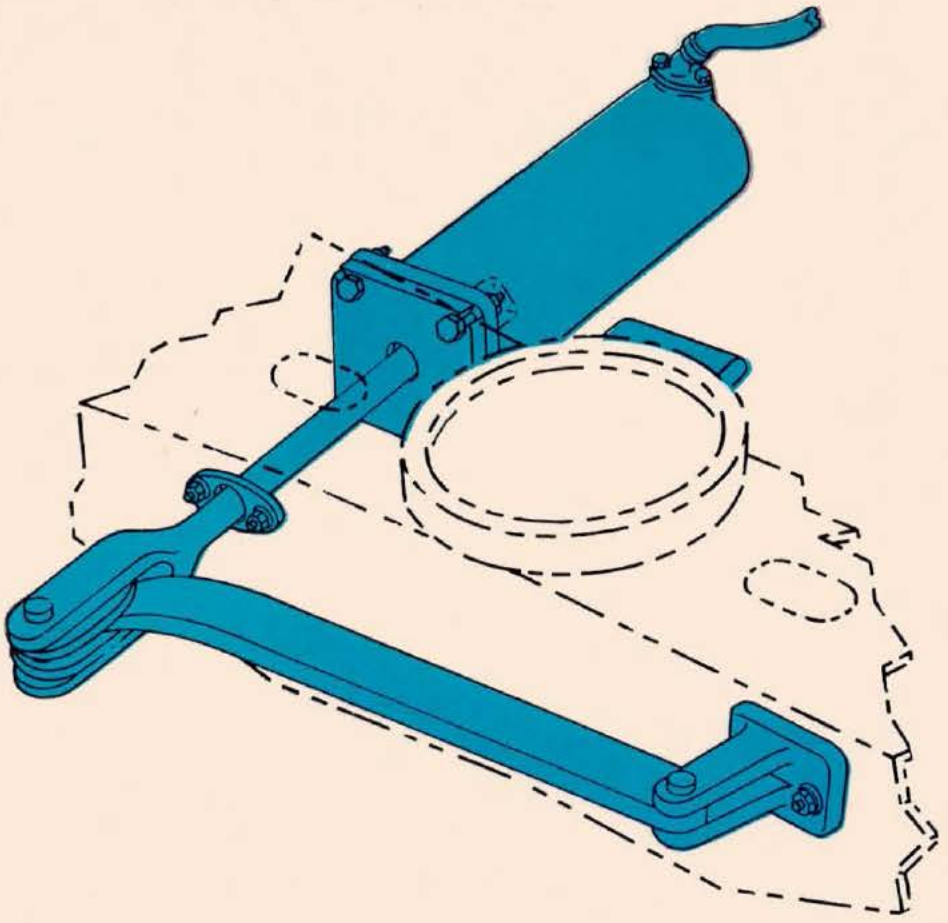
ADDRESS .....

COMPANY .....

CITY ..... STATE ..... ZIP .....

• Inquiries can be processed only if title and company are shown. 8/18/69

# Who said TMB means "Too Many Bucks"?



# You can't say *that* about the Abex High-FrictionTMB that gives maxi-performance with mini-maintenance!

"TOO MANY BUCKS"? Right from the start you *save* bucks on installed costs.

You get greater payload by reducing car weight. The Abex HF brake—together with shallow bolsters—weighs up to 415 pounds less than any other truck-mounted brake.

You save bucks on scheduled maintenance. Approximately 35 bucks per car every COT&S. The Abex brake has one instead of two cylinders per truck. The cylinder is sprung just like the body-mounted type.

You save bucks on inventory. Beams, levers, rods, pins, shoes and keys are standard riptrack inventory items.

You save bucks on replacement of burnt-in beams—save more bucks on car downtime since the AAR #18 beam used in the Abex truck-mounted brake is stocked all over North America.

With the Abex HF brake, you reduce to half the number of hose assemblies – half the number of truck-to-body hand brake connections—which saves repair costs after derailment.

Not only do you save a *lot* of bucks when you install the Abex HF brake, but you get *proven* improved performance. Break-away stop tests confirm shorter stop distances with the Abex brake. It delivers more force to the brake shoes than any other TMB available and does it equally at all brake heads.

Does the superior mechanical efficiency of the Abex HF brake have a profound effect on performance? *You bet it does!* Using the present No. 66 hand brake, the Abex brake will hold a loaded car on a 3 per cent grade. This is vitally important.

For the TMB that saves you "The Most Bucks" in the long run – and is precisely designed for today's more specialized freight cars—get in touch with your Abex representative. *And save many bucks!*

MEMBER RPI

Abex CORPORATION
**Railroad Products Group**
VALLEY ROAD, MAHWAH, N. J. 07430

Circle 11 on coupon page 33

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HENNESSY PRODUCTS, INC.
Box 420 / Chambersburg, Penna.

Circle 12 on coupon page 33

W. L. Smith
GN

C. M. Rasmussen
GN

# PEOPLE

**ASSOCIATION OF AMERICAN RAILROADS.—John E. Roumillat,** chief special representative, freight loss and damage preventation section, appointed director of the section, succeeding **Carl A. Naffziger,** retired.

**BURLINGTON.—Robert V. Jabens,** assistant to the general manager, Chicago region, named system manager of trailer-on-flat-car and merchandise operations.

**J. Simoncik** appointed manager, purchasing services, Chicago. Mr. Simoncik's successor as district storekeeper, Aurora, Ill., is **C. K. Smith** (RA, July 7, p. 53).

**CHICAGO & EASTERN ILLINOIS.—T. M. Curley** named general manager-rates and divisions, and **C. F. Bosch,** assistant general manager-rates and divisions, St. Louis.

**CHICAGO & NORTH WESTERN.— R. J. Devaney** and **D. H. Gray** named trainmasters, Galena division, West Chicago, Ill., and Chicago Terminal division, Des Plaines, Ill., respectively.

**K. R. McLaren** named general auditor.

**CHICAGO SOUTH SHORE & SOUTH BEND.—Robert B. Champness, Jr.** named general agent, Cleveland, succeeding the late **Edward G. Mathes** (RA, May 10, p. 119).

**DENVER & RIO GRANDE WESTERN.— D. C. Orris** named market director (food products), Denver.

**ELGIN, JOLIET & EASTERN.—George E. Steins** named manager-marketing services, Chicago. He was formerly manager of cost planning, **Duluth, Missabe & Iron Range.**

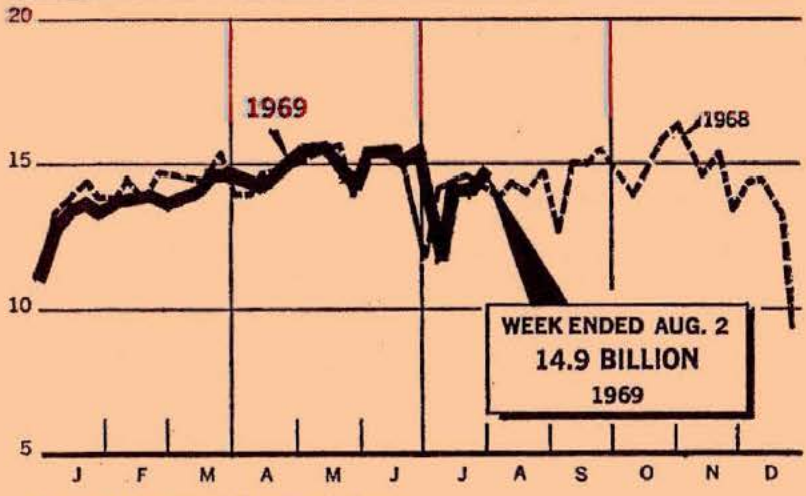
**GREAT NORTHERN. — Worthington L. Smith,** assistant vice president, St. Paul, named assistant vice president and general manager, Lines West, Seattle, to succeed **Charles M. Rasmussen,** appointed assistand vice president on the staff of the vice president-administration, St. Paul. **Michael M. Donahue,** superintendent, Mesabi division, Superior, Wis., becomes assistant to the vice president, operations, St. Paul. Mr. Donahue's successor is **Walter E. Crum,** Twin City terminal manager.

**M. E. Strong** named assistant comptroll-

*(Continued on page 41)*

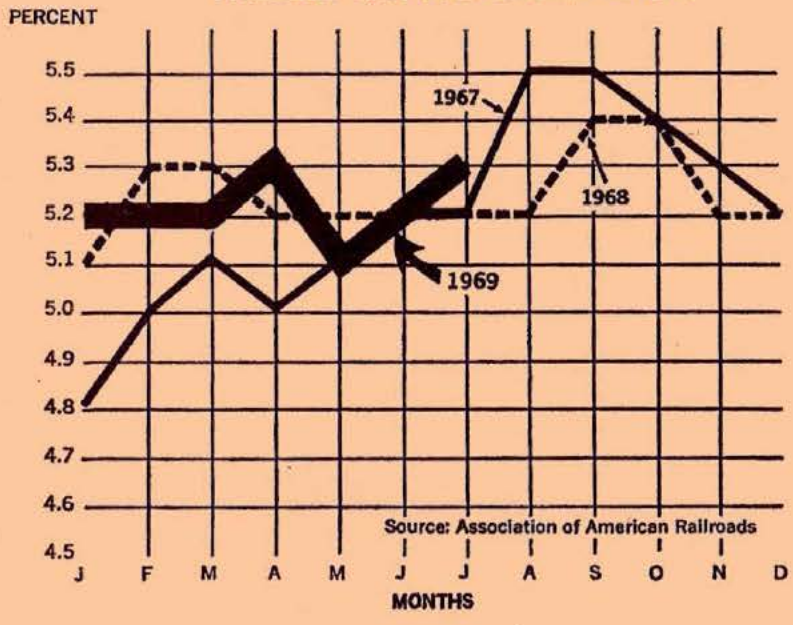
## RAIL FREIGHT TRAFFIC TRENDS

BILLION TON-MILES (Estimated)




Source: Association of American Railroads

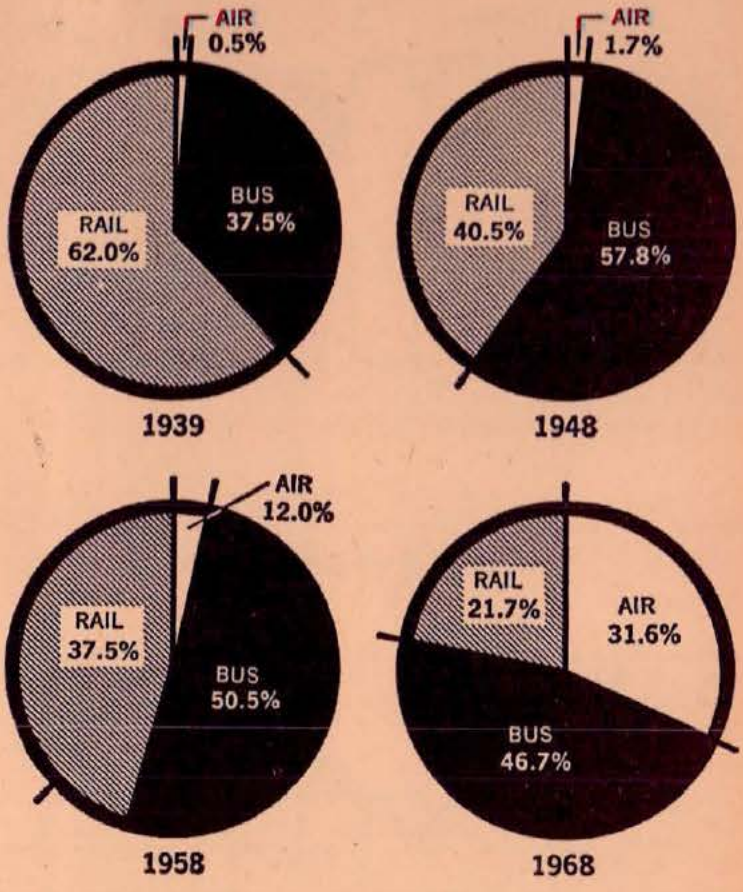
## FREIGHT-CAR BAD-ORDER RATIO

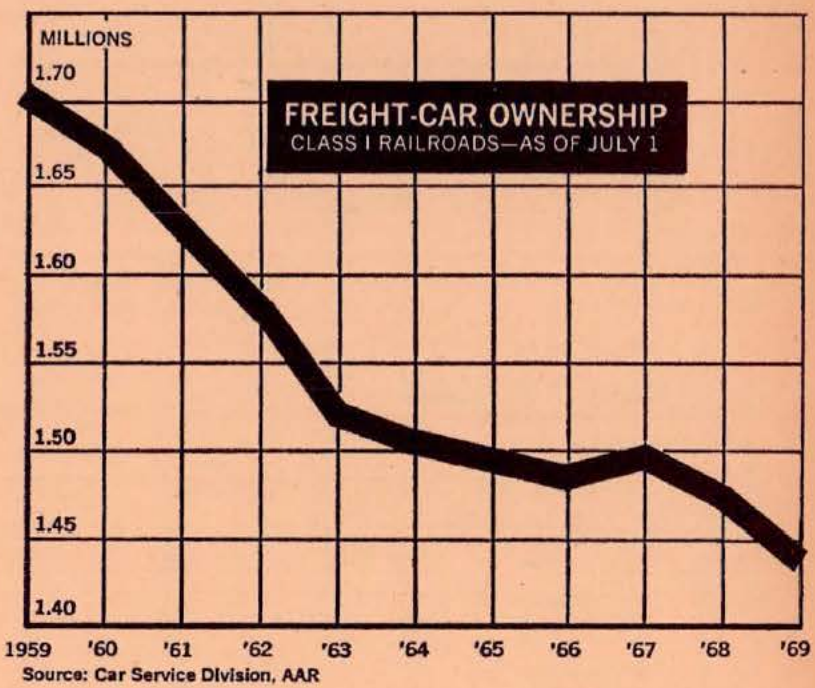



## Current Statistics

| | |
|---|---|
| **Net income, Class I roads** | |
| Three months, 1969 | $ 97,000,000 |
| Three months, 1968 | $111,680,118 |
| **New freight cars on order** | |
| July 1, 1969 | 50,895 |
| July 1, 1968 | 17,806 |
| **New freight cars delivered** | |
| 6 mos., 1969 | 32,886 |
| 6 mos., 1968 | 31,359 |
| **Serviceable cars** | |
| July 1, 1969 | 1,369,510 |
| July 1, 1968 | 1,396,613 |

## INTERCITY PASSENGERS CARRIED
(Per Cent of Total)




Source: Car Service Division, AAR

# MARKET OUTLOOK

## CARLOADINGS

Loadings of revenue freight in the week ended Aug. 9 totaled 561,227 cars, the Association of American Railroads announced on Aug. 15. This was a decrease of 102 cars, or 0.0%, compared with the previous week; an increase of 20,398 cars, or 3.8%, compared with the corresponding week last year; and an increase of 7,889 cars, or 1.4%, compared with the equivalent 1967 week. Ton-miles generated by carloadings in the week ended Aug. 9 are estimated at 14.9 billion, an increase of 7.4% above the corresponding week of 1968, and 7.2% above the 1967 week.

REVENUE FREIGHT CARLOADINGS

| Commodity | Aug. 2 week | Preceding week | Per cent change |
|---|---|---|---|
| Grain | 31,326 | 30,547 | + 2.6 |
| Farm products | 12,731 | 12,707 | + 0.2 |
| Metallic ores | 54,122 | 56,247 | — 3.8 |
| Coal | 104,447 | 93,042 | +12.3 |
| Crushed stone, gravel & sand | 33,664 | 32,830 | + 2.5 |
| Nonmetallic minerals | 12,079 | 11,544 | + 4.6 |
| Grain mill products | 19,319 | 19,050 | + 1.4 |
| Food & kindred products | 24,156 | 23,482 | + 2.9 |
| Primary forest products | 23,882 | 23,833 | + 0.2 |
| Lumber & wood products (except furniture) | 16,213 | 15,631 | + 3.7 |
| Pulp, paper & allied products | 24,858 | 23,689 | + 4.9 |
| Chemicals & allied products | 24,591 | 24,555 | + 0.1 |
| Petroleum products | 11,113 | 11,590 | — 4.1 |
| Stone, clay & glass products | 21,924 | 21,648 | + 1.3 |
| Coke | 7,652 | 7,827 | — 2.2 |
| Metals & products | 29,474 | 27,522 | + 7.1 |
| Motor vehicles & equipment | 12,444 | 12,876 | — 3.4 |
| Waste & scrap materials | 13,895 | 13,952 | — 0.4 |
| Forwarder & shipper assn. traffic | 6,995 | 7,595 | — 7.9 |
| All other carloads | 74,736 | 71,450 | + 4.6 |
| LCL traffic | 1,708 | 1,803 | — 5.3 |
| Total cars loaded | 561,329 | 543,420 | + 3.3 |
| CUMULATIVE TOTAL, 31 WEEKS, | 1969 | 1968 | 1967 |
| | 16,499,457 | 16,701,921 | 16,521,474 |

## PIGGYBACK CARLOADINGS

U. S. piggyback loadings for the week ended Aug. 5 totaled 26,689 cars, carrying 43,161 trailers, compared with 27,265 cars, carrying 43,475 trailers, in the corresponding 1968 week. Loadings for 1969 up to Aug. 5 totaled 790,986 cars, carrying 1,295,597 trailers, compared with 778,909 cars, carrying 1,263,658 trailers, in the corresponding period of 1968.

## IN CANADA

| Cumulative | Revenue Cars Loaded | Total cars Rec'd. from Connections |
|---|---|---|
| July 21, 1969 | 1,992,152 | 688,549 |
| July 21, 1968 | 2,054,567 | 696,590 |

## SPECIAL

● *Rock Island.* — Leased 10 double-deck commuter coaches and 337 freight cars from C.I.T. Leasing Corp. Total value of the equipment is more than $8 million. Commuter cars are being built by Pullman-Standard for delivery in December (RA, April 7, p. 33). Delivery of the 337 freight cars, from a number of builders, began in June and will be completed in December. The combined lease on the equipment is for a 15-year term.

## CAR OWNERSHIP

● *Serviceable cars.*—Revenue freight cars in serviceable condition owned by Class I railroads on June 1 totaled 1,382,764, compared with 1,396,119 on June 1, 1968, according to most recent AAR Car Service Division report. Estimated total ownership of all railroad- and privately-owned freight cars on June 1 (see table below) was 1,790,382 (average capacity: 64:87 tons), compared with 1,812,710 (average capacity: 63:55 tons), on June 1, 1968.

ESTIMATED OWNERSHIP—ALL REVENUE FREIGHT CARS

(June 1, 1969 vs. June 1, 1968)

| | | Box | Covered Hopper | Gondola | Hopper | Flat | Refrig. | All Other | Total |
|---|---|---|---|---|---|---|---|---|---|
| Class I | 1969 | 546,740 | 124,373 | 195,649 | 403,570 | 69,780 | 52,818 | 55,379 | 1,448,309 |
| | 1968 | 559,566 | 121,561 | 199,979 | 415,550 | 67,649 | 51,618 | 57,297 | 1,473,220 |
| RRO&C Refgs.* | 1969 | 0 | 0 | 0 | 0 | 0 | 46,800 | 0 | 46,800 |
| | 1968 | 0 | 0 | 0 | 0 | 0 | 49,662 | 0 | 49,662 |
| All Other Private | 1969 | 1,109 | 31,824 | 2,064 | 2,119 | 46,252 | 13,724 | 174,262 | 271,354 |
| | 1968 | 1,350 | 28,473 | 331 | 3,919 | 42,051 | 15,146 | 172,290 | 263,560 |
| Class II & S&T† | 1969 | 8,099 | 698 | 4,566 | 7,722 | 590 | 1,080 | 1,164 | 23,919 |
| | 1968 | 9,339 | 892 | 5,190 | 8,388 | 637 | 727 | 1,095 | 26,268 |
| GRAND TOTAL | 1969 | 555,948 | 156,895 | 202,279 | 413,411 | 116,622 | 114,422 | 230,805 | 1,790,382 |
| | 1968 | 570,255 | 150,926 | 205,500 | 427,857 | 110,337 | 117,153 | 230,682 | 1,812,710 |

* Railroad owned and controlled refrigerator car lines.
† Class II railroads and switching and terminal companies.

● *July bad order ratio 0.1% below 1968.*—Class I roads on July 1, 1969, owned 1,445,862 freight cars, 27,462 less than on July 1, 1968, according to AAR report summarized below. Bad order ratio was 0.1% higher than last year.

| | July 1, 1969 | July 1, 1968 | Change |
|---|---|---|---|
| Car ownership | 1,445,862 | 1,473,324 | −27,462 |
| Waiting repair | 76,352 | 76,711 | — 359 |
| Repair ratio | 5.3% | 5.2% | + 0.1% |

## FOREIGN

● *Argentina.*—Argentine State Railways (EFA) plans to acquire a minimum of $24 million worth of new freight cars and trucks over the next five years. U.S. suppliers may be able to bid on the equipment if the World Bank agrees to help finance the program. If this or other attractive foreign financing is not available, EFA will purchase the cars from local manufacturers.

# YOU OUGHT TO KNOW

### ICC promises Messer decision by mid-September

No later than mid-September, ICC will say whether or not it has power to set passenger-service standards, promises ICC chairman Virginia Mae Brown. "Because of the highly sensitive nature of this proceeding, the Commission is most desirous of arriving at a decision which is both lawful and fair to all parties involved," Mrs. Brown says. John S. Messer, ICC examiner, ruled in April 1968 that ICC does have jurisdiction to set standards for what it would decide is adequate passenger service. That was contrary to historical ICC policy.

### DOT passenger car pool urged in House

Passenger bills are popular with Congressmen, so it's not surprising that a plan of the National Association of Railroad Passengers should get introduced as a House bill with 17 co-sponsors. However, the noteworthy thing here is that among the backers of the bill, introduced by Rep. Brook Adams (D.-Wash.), there are nine members of the House Interstate and Foreign Commerce committee. The NARP plan calls for authorization for the DOT to buy and refurnish passenger equipment or buy new equipment. This would create a pool to be leased by DOT to railroads or regional transport agencies.

### Data Coordinating post goes to T. H. Desnoyers

Thomas H. Desnoyers, formerly director of marketing for the Norfolk & Western, has been appointed director of codes and standards for the Transportation Data Coordinating Committee in Washington, D.C. TDCC President Charles H. Wager described the appointment as " a key move by TDCC to improve coordination of activity aimed at standardizing transportation data."

### Great Northern moves to reduce passenger loss

In its recent study of rail passenger service, the ICC pegged Great Northern's deficit at $11.6 million. That was about $3.5 million more than GN itself had previously reported, based on solely-related costs. And now, GN is moving to cut the loss. Its proposal: Discontinue the "Dakotan" between the Twin Cities and Fargo, N.D., and the "Winnipeg Limited" between the Twin Cities and Grand Forks, N.D., and reroute the "Western Star." Despite the cuts, GN said it would continue to provide each community affected with daily passenger service. The adjustments would reduce the road's passenger-service loss by more than $1.7 million.

### Volpe reports highway system is 67% complete

Of the 42,500 miles that will make up the Federally-aided, Interstate Highway system, 28,219 or 67% now are open, DOT Secretary John A. Volpe has announced. Construction on another 5,259 miles is under way. Also, engineering or right-of-way acquisition is in progress for 6,956 miles.

### Detroit studies rapid-transit feasibility

Operating on a budget of $347,640 for the fiscal year starting July 1, the Southeastern Michigan Transportation Authority's largest project will be an evaluation of the feasibility of rapid transit in the six-county region it encompasses. The project is expected to get under way shortly and will take somewhat less than a year. The project cost is placed at $181,500. The Detroit area is involved.

### PC raises bridges to ease TOFC problems

Penn Central, by raising five highway bridges, has made it a lot easier for shippers to use their TOFC TrailVan service to and from Boston. Before the bridges were raised, 13-foot trailers were "grounded" at Worcester, Mass., and moved over the road to Boston. PC spokesmen say that the improvement now gives a 16-foot, 2-inch clearance and allows the TOFC units easy entrance into Boston with significant improvement in service.

M. M. Donahue
GN

W. E. Crum
GN

*(Continued from page 36)*

er-costs and statistics in the vice president and comptroller office. **J. R. Galassi** appointed manager-equipment planning in the vice-president-administration office.

**GREEN BAY & WESTERN** — **V. J. Maloney,** general agent, San Francisco, appointed district traffic manager, Minneapolis, to succeed **Clarence J. Royce,** who retired July 1 after 42 years' service.

**GULF, MOBILE & OHIO.—T. M. Gilder** appointed general auditor, succeeding **L. W. Swann,** who retired July 15 after more than 48 years of service.

**ILLINOIS CENTRAL.—Albert B. Huttig,** vice president, secretary and treasurer, **IC** and vice president and treasurer, **Illinois Central Industries,** retired July 18. **Bryce C. Boothby,** vice president and secretary, **ICI,** also elected secretary, **IC,** to succeed Mr. Huttig. Mr. Huttig's successor as treasurer of both companies is **John P. Fagan,** assistant vice president, **IC,** and assistant treasurer, **ICI. George K. Weigel,** vice president-finance, **ICI,** elected to the same position for the railroad. **John B. Goodrich** appointed assistant treasurer and assistant secretary, **IC.** Mr. Goodrich was formerly vice president-law and secretary, **Monon. Don R. Montgomery,** formerly vice president accounting, **Missouri-Kansas-Texas,** named comptroller,**IC.**

**Robert M. Kappel** named marketing manager to head a newly established fuels, ores and minerals products marketing group within the Marketing Department.

**NEW ENGLAND TRANSPORTATION CO.—Dana L. Moore,** vice president and general manager, **Boston Fleet Maintenance, Inc.,** named executive vice president, **New England Transportation Co.,** wholly-owned trucking subsidiary of **Penn Central.**

**NORFOLK & WESTERN.**—A new material management department has replaced the purchases and stores function. **Edward J. Gentsch,** vice president—material management, Roanoke, heads the new department, whose functions include the planning, requisitioning, purchasing, expediting, receiving, warehousing and distribution of all railroad material.

**Henry F. Brauch,** assistant to the president, named director automotive equipment, reporting to Mr. Gentsch. Mr. Brauch will be assisted by **F. H. Welbourne,** who will serve as manager auto-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Circle 13 on coupon page 33

R. M. Champion, Jr.
Santa Fe

John A. Brennan
Trailer Train

motive equipment, Mr. Welbourne was formerly assistant superintendent, Pittsburgh Division.

**Rodney M. White,** assistant to the vice president and general manager, Lake Region, Cleveland, succeeds **Mr. Brauch** as assistant to the president. **Wilson C. Wertz,** chief clerk to the superintendent, Norfolk Division, Crewe, Va., succeeds Mr. White at Cleveland.

**Richard A. Keeney,** assistant general solicitor, St. Louis, named general attorney there. **Ronald W. Moore,** solicitor, Roanoke, promoted to assistant general attorney. **David R. Goode,** assistant general tax attorney, promoted to general tax attorney.

**Lloyd G. Dillard,** real estate agent—system, appointed manager—commercial development.

**M. W. Hollenbeck,** superintendent, Decatur Division, named superintendent—labor relations, Roanoke. **Homer C. Scott,** assistant superintendent, St. Louis, promoted to superintendent, Detroit Terminal, succeeding **Paul Sitt,** who replaces Mr. Hollenbeck at Decatur, Ill. **Allen W. Gill,** trainmaster, Decatur Division, promoted to assistant superintendent, St. Louis Terminal. **Paul L. Naylor,** road foreman of engines, Decatur Division, promoted to trainmaster there. **Charles A. Glass,** assistant superintendent, Decatur, transferred to Norfolk Terminal, succeeding **Milton P. Ratcliff,** who replaces Mr. Glass at Decatur.

**Frederick T. Dunn, Jr.,** manager car accounting, **New Haven Division, Penn Central,** has joined the N&W as assistant manager car accounts.

**SANTA FE.—Raymon M. Champion, Jr.,** assistant to the president-staff studies, Chicago, named vice president- information systems there, to succeed **Flory Mauriocourt,** retired (RA, July 21, p. 36).

**G. A. Ossian** named assistant to general manager, Topeka, Kans., to succeed **S. S. Rose,** who retired Aug. 1, after more than 43 years of service.

**SOUTHERN PACIFIC.—C. H. Nelson** appointed assistant general manager; **S. B. Lee** named assistant to general manager, both with headquarters in Houston.

**J. M. Seale** named manager, systems research, and **A. T. Starr,** manager, analytic services, both with headquarters at Houston.

**B. C. Symmank,** industrial agent, Houston, advanced to assistant to general traffic manager there, succeeding **W. W. Guinn,** resigned. **T. N. Searcy** replaces Mr. Symmank.

**Jack E. Hebbron,** valuation officer, San Francisco, retired July 31 after more than 42 years' service.

**Elliott Eyring** named traffic manager, **Pacific Motor Trucking Co.,** a **SP** subsidiary.

**TRAILER TRAIN.—John A. Brennan, Jr.,** comptroller, elected vice president and treasurer. He replaces **William R. Gerstnecker,** treasurer, resigned. **Joseph P. Munday** elected comptroller, succeeding Mr. Brennan. **Robert J. Williams** named general counsel, a new post. The duties of general counsel were formerly carried out by **E. A. Kaier,** general counsel, **Penn Central.**

**UNION PACIFIC — John C. Kenefick** named to the newly created position of executive vice president. Mr. Kenefick has been vice president in charge of operations, and will continue to serve in that capacity. **H. E. Peterson,** assistant to general manager, Eastern District, appointed assistant to vice president-operation, Omaha.

## OBITUARY

**Arvid C. Mattson,** 74, retired assistant freight traffic manager, **Rock Island,** died July 29 in Presbyterian-St. Luke's Hospital, Chicago.


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Circle 14 on coupon page 33

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# VIEWPOINT

# The research gap

Transportation has been around for such a long time, as an industry. Just about everything concerned with transportation has been thoroughly researched, right? Wrong.

Transportation research needs—as outlined in a new "10-most-wanted-projects" list—continue to evolve. And it's disheartening to note that some of these needs go straight back to the question of the industry's basic composition and basic functions.

To make up this 10-most-wanted list, the Transportation Association of America did a broad-gauge survey of top people in business and industry, government, the academic field and the research and consulting area. Some of the findings were predictable.

TAA found, for instance, that the top-10 includes projects directed at future transport capital needs, at the impact of labor work-rules, at the small-shipments problem, at cost/benefit relationships in intercity passenger transport. It likewise comes as no surprise that high-ranking spots went to simplification and reduction of rate regulation, to priorities in facility use, to transport's role in urban areas.

If there is a real glimpse of tomorrow in this list, however, it may come in three research areas. One involves the impact of regulatory restraint at the intermodal interface. Another concerns the impact of the conglomerate on transport services. And the third strikes at the heart of the status quo: Top-10 ranking went to a proposal for research into "the validity of the common-carrier concept under today's economic conditions."

TAA's Policy Research Committee takes a rather dim view of the extent to which transport has benefited from in-depth policy studies. The amount of research activity is increasing, but there is no general feeling that research gaps are being filled and the survey shows that "the list of transport policy research needs is as large now as ever."

TAA's panel also makes several observations on the future: It calls for more in-house research, by qualified personnel, on the top-priority projects. And it offers a thoughtful appraisal of government's expanding policy-research activity. There is a warning that government-sponsored work could soon dominate the field. There is the strong suggestion that the national implications of this kind of domination should be given a long, hard, searching look.

## A QUESTION OF BALANCE

The TAA committee's comment is well put: Bad money drives out good. And, though the analogy is a bit faulty, it seems to be true a job *only* for government, or *only* for the industry itself or—God help sponsored research. In transportation policy areas, there is need for continuing inquiry—well-financed and well-staffed inquiry. This is not a job *only* for government, or *only* for the industry itself or—God help us all—*only* for universities. The problem, or one of the big ones, lies in working out the right balance.

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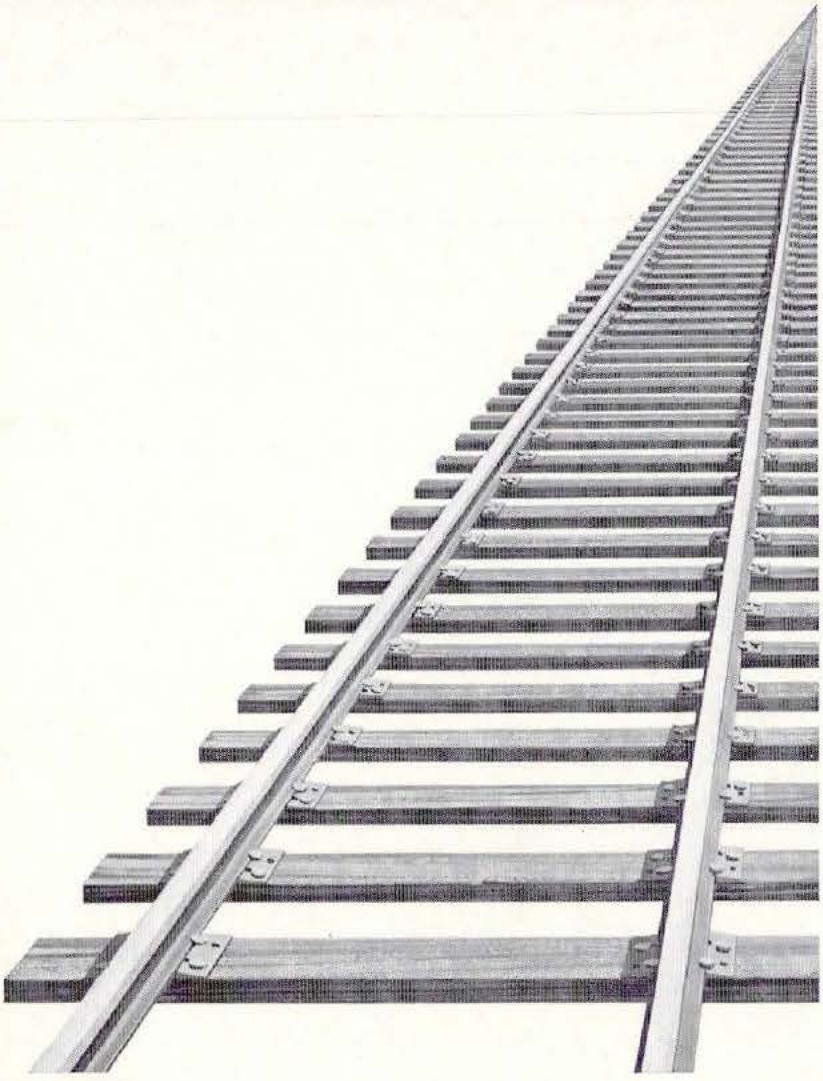

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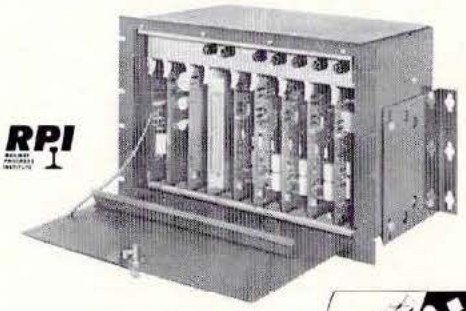

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